



# ANNUAL STATEMENT

For the Year Ended December 31, 2018  
of the Condition and Affairs of the

## USable Mutual Insurance Company

NAIC Group Code.....	876, 876	NAIC Company Code.....	83470	Employer's ID Number.....	71-0226428
	(Current Period) (Prior Period)				
Organized under the Laws of	Arkansas	State of Domicile or Port of Entry	Arkansas	Country of Domicile	US
Licensed as Business Type	Life, Accident & Health	Is HMO Federally Qualified?	Yes [ ] No [ ]		
Incorporated/Organized.....	December 10, 1948	Commenced Business.....	March 2, 1949		
Statutory Home Office	601 S. Gaines .. Little Rock .. AR .. US .. 72201				
	(Street and Number) (City or Town, State, Country and Zip Code)				
Main Administrative Office	601 S. Gaines .. Little Rock .. AR .. US .. 72201			501-378-2000	
	(Street and Number) (City or Town, State, Country and Zip Code)			(Area Code) (Telephone Number)	
Mail Address	601 S. Gaines .. Little Rock .. AR .. US .. 72201				
	(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)				
Primary Location of Books and Records	601 S. Gaines .. Little Rock .. AR .. US .. 72201			501-378-2000	
	(Street and Number) (City or Town, State, Country and Zip Code)			(Area Code) (Telephone Number)	
Internet Web Site Address	www.arkansasbluecross.com				
Statutory Statement Contact	Scott Bradley Winter			501-399-3951	
	(Name)			(Area Code) (Telephone Number) (Extension)	
	sbwinter@arkbluecross.com			501-378-3258	
	(E-Mail Address)			(Fax Number)	

### OFFICERS

Name	Title	Name	Title
1. Curtis Edwin Barnett	President / CEO	2. Calvin Eugene Kellogg	EVP / Chief Strategy Officer
3. Gray Donald Dillard	Treasurer / CFO	4. Timothy Gerard Gauger #	Secretary

### OTHER

Stephen William Abell	James Robert Bailey
Alicia Marie Berkemeyer	Judy Dawn Blevins
James Daniel Bloodworth	David Frank Bridges
Richard Shelby Cooper	Victor Pratt Davis #
Ronald Walter DeBerry	Matthew Richard Flora #
Melvin Dewayne Hardy	Kimberly Ann Henderson
Harvey David Jacobson	Anthony Marcus James
David Bryan Martin #	Connie Annelle Meeks
Hal Jackson Norman	Eric Richard Paczewitz
Kathleen O'Dea Ryan	Wendy Womack See #
Philip Eugene Sherrill	Steven Aaron Spaulding
Joanna Maria Thomas #	Scott Bradley Winter

### DIRECTORS OR TRUSTEES

Curtis Edwin Barnett	Susan Glover Brittain	Robert Vincent Brothers	Mark William Greenway
James Virgil Kelley	Mahlon Ogden Maris MD	Carla Marie Martin	James Thomas May
Robert Daniel Nabholz	Marla Kay Johnson	Ben Edwin Owens	Robert Lee Shoptaw
Sherman Ellis Tate	Rex Moreland Terry	Paul Mark White	

State of..... Arkansas  
County of..... Pulaski

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Curtis Edwin Barnett	Calvin Eugene Kellogg	Gray Donald Dillard
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President / CEO	EVP / Chief Strategy Officer	Treasurer / CFO
(Title)	(Title)	(Title)
Subscribed and sworn to before me	a. Is this an original filing?	Yes [X] No [ ]
This _____ day of _____ 2019	b. If no	1. State the amendment number _____
		2. Date filed _____
		3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	685,403,413		685,403,413	602,697,042
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	226,494,090		226,494,090	266,388,409
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	52,222,305		52,222,305	48,733,751
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	6,815,844		6,815,844	7,073,975
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....40,245,044, Schedule E-Part 1), cash equivalents (\$.....61,952,026, Schedule E-Part 2) and short-term investments (\$.....94,690,813, Schedule DA).....	196,887,883		196,887,883	180,278,560
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....	201,004,379		201,004,379	137,348,223
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	3,453,292	0	3,453,292	3,516,367
12. Subtotals, cash and invested assets (Lines 1 to 11).....	1,372,281,206	0	1,372,281,206	1,246,036,328
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	5,195,883		5,195,883	4,851,486
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....			0	
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums (\$.....137,249,846) and contracts subject to redetermination (\$.....5,166,065).....	142,415,911	3,281,029	139,134,883	180,806,581
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	3,912,250		3,912,250	9,942,321
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....	66,613,538	720,483	65,893,055	69,398,080
18.1 Current federal and foreign income tax recoverable and interest thereon.....	8,146,512		8,146,512	8,478,760
18.2 Net deferred tax asset.....	86,778,801	53,209,642	33,569,159	29,045,723
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....	14,246,766	8,203,790	6,042,976	8,693,596
21. Furniture and equipment, including health care delivery assets (\$.....0).....	26,325,216	26,325,216	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	13,180,932	1,665,932	11,515,000	13,189,918
24. Health care (\$.....27,291,762) and other amounts receivable.....	69,713,519	7,356,939	62,356,580	49,743,584
25. Aggregate write-ins for other-than-invested assets.....	75,894,496	36,637,038	39,257,458	44,356,083
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	1,884,705,030	137,400,069	1,747,304,961	1,664,542,460
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	1,884,705,030	137,400,069	1,747,304,961	1,664,542,460

DETAILS OF WRITE-INS

1101. Deposits with National Accounts.....	3,453,292		3,453,292	3,516,367
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	3,453,292	0	3,453,292	3,516,367
2501. Supplemental Savings Plan.....	38,956,717		38,956,717	44,023,719
2502. Other Assets.....	300,741		300,741	332,364
2503. Other Non-Admitted Assets.....	36,637,038	36,637,038	0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	75,894,496	36,637,038	39,257,458	44,356,083

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....6,239,293 reinsurance ceded).....	199,960,127	576,709	200,536,836	225,461,260
2. Accrued medical incentive pool and bonus amounts.....	6,363,732		6,363,732	3,980,682
3. Unpaid claims adjustment expenses.....	6,442,803		6,442,803	6,102,438
4. Aggregate health policy reserves, including the liability of \$.....2,169,722 for medical loss ratio rebate per the Public Health Service Act.....	132,350,868		132,350,868	138,053,165
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserves.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	30,648,261		30,648,261	36,011,243
9. General expenses due or accrued.....	396,842,462		396,842,462	258,290,478
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....			0	
10.2 Net deferred tax liability.....			0	
11. Ceded reinsurance premiums payable.....	4,231,752		4,231,752	3,841,956
12. Amounts withheld or retained for the account of others.....	47,440,754		47,440,754	50,142,293
13. Remittances and items not allocated.....	1,064,794		1,064,794	200,538
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....	1,098,024		1,098,024	796,192
16. Derivatives.....			0	
17. Payable for securities.....			0	
18. Payable for securities lending.....			0	
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers).....			0	
20. Reinsurance in unauthorized and certified (\$.....0) companies.....			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
22. Liability for amounts held under uninsured plans.....	67,767,650		67,767,650	55,184,343
23. Aggregate write-ins for other liabilities (including \$.....0 current).....	21,971,594	0	21,971,594	20,141,327
24. Total liabilities (Lines 1 to 23).....	916,182,822	576,709	916,759,531	798,205,915
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	40,900,000
26. Common capital stock.....	XXX	XXX		
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX		
29. Surplus notes.....	XXX	XXX		
30. Aggregate write-ins for other-than-special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	830,545,432	825,436,545
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 \$.....0).....	XXX	XXX		
32.2 .....0.000 shares preferred (value included in Line 27 \$.....0).....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	830,545,432	866,336,545
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	1,747,304,962	1,664,542,460

DETAILS OF WRITE-INS

2301. Deferred Gain on Capitalization of joint venture.....	19,617,685		19,617,685	19,617,685
2302. Miscellaneous.....	2,353,909		2,353,909	523,642
2303. ....			0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above).....	21,971,594	0	21,971,594	20,141,327
2501. 2018 ACA Insurer Fee Estimate.....	XXX	XXX		40,900,000
2502. ....	XXX	XXX		
2503. ....	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	XXX	XXX	0	40,900,000
3001. ....	XXX	XXX		
3002. ....	XXX	XXX		
3003. ....	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above).....	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX.....	7,739,589	8,147,024
2. Net premium income (including \$.....0 non-health premium income).....	XXX.....	2,481,886,532	2,527,134,174
3. Change in unearned premium reserves and reserve for rate credits.....	XXX.....	(1,660,432)	(3,421,193)
4. Fee-for-service (net of \$.....0 medical expenses).....	XXX.....		
5. Risk revenue.....	XXX.....		
6. Aggregate write-ins for other health care related revenues.....	XXX.....	.0	.0
7. Aggregate write-ins for other non-health revenues.....	XXX.....	.0	.0
8. Total revenues (Lines 2 to 7).....	XXX.....	2,480,226,100	2,523,712,982
Hospital and Medical:			
9. Hospital/medical benefits.....		1,116,050,358	1,154,540,257
10. Other professional services.....		41,283,042	41,460,681
11. Outside referrals.....		28,141,302	31,239,581
12. Emergency room and out-of-area.....		250,371,934	366,612,317
13. Prescription drugs.....		504,926,292	558,588,863
14. Aggregate write-ins for other hospital and medical.....0		.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		15,240,454	12,810,635
16. Subtotal (Lines 9 to 15).....	.0	1,956,013,381	2,165,252,334
Less:			
17. Net reinsurance recoveries.....		(53,081,641)	(51,679,047)
18. Total hospital and medical (Lines 16 minus 17).....0	.0	2,009,095,022	2,216,931,381
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$.....12,302,965 cost containment expenses.....		97,996,875	91,513,500
21. General administrative expenses.....		388,768,746	208,983,349
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....		(2,161,932)	(860,552)
23. Total underwriting deductions (Lines 18 through 22).....0	.0	2,493,698,711	2,516,567,678
24. Net underwriting gain or (loss) (Lines 8 minus 23).....XXX.....	XXX.....	(13,472,612)	7,145,304
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		24,459,334	16,457,361
26. Net realized capital gains or (losses) less capital gains tax of \$.....3,275,008.....		11,987,775	7,705,335
27. Net investment gains or (losses) (Lines 25 plus 26).....0	.0	36,447,109	24,162,696
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....			
29. Aggregate write-ins for other income or expenses.....0	.0	2,646,386	1,308,130
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX.....	25,620,883	32,616,130
31. Federal and foreign income taxes incurred.....	XXX.....	46,951,312	1,949,765
32. Net income (loss) (Lines 30 minus 31).....XXX.....	XXX.....	(21,330,429)	30,666,365

DETAILS OF WRITE-INS			
0601. ....	XXX.....		
0602. ....	XXX.....		
0603. ....	XXX.....		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX.....	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	XXX.....	.0	.0
0701. ....	XXX.....		
0702. ....	XXX.....		
0703. ....	XXX.....		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX.....	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above).....	XXX.....	.0	.0
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page.....0	.0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....0	.0	.0	.0
2901. Miscellaneous Income/Expense.....		2,647,320	1,309,130
2902. State Tax Expense.....		(934)	(1,000)
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page.....0	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....0	.0	2,646,386	1,308,130

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	.....866,336,545	.....842,782,354
34. Net income or (loss) from Line 32.....	.....(21,330,429)	.....30,666,365
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.....0.....	.....(4,676,050)	.....20,642,883
37. Change in net unrealized foreign exchange capital gain or (loss).....		.....(21,464)
38. Change in net deferred income tax.....	.....32,981,317	.....(37,106,280)
39. Change in nonadmitted assets.....	.....(43,449,469)	.....8,773,109
40. Change in unauthorized and certified reinsurance.....		
41. Change in treasury stock.....		
42. Change in surplus notes.....		
43. Cumulative effect of changes in accounting principles.....		
44. Capital changes:		
44.1 Paid in.....		
44.2 Transferred from surplus (Stock Dividend).....		
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....		
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....		
47. Aggregate write-ins for gains or (losses) in surplus.....	.....683,521	.....599,578
48. Net change in capital and surplus (Lines 34 to 47).....	.....(35,791,110)	.....23,554,191
49. Capital and surplus end of reporting period (Line 33 plus 48).....	.....830,545,434	.....866,336,545

DETAILS OF WRITE-INS		
4701. Capital Lease Adjustment.....	.....683,521	.....599,578
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	.....0	.....0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above).....	.....683,521	.....599,578

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	2,515,736,677	2,497,719,680
2. Net investment income.....	28,290,967	22,465,105
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	2,544,027,644	2,520,184,785
5. Benefit and loss related payments.....	2,027,350,048	2,218,555,334
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	328,315,823	310,813,670
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	49,894,072	(2,786,085)
10. Total (Lines 5 through 9).....	2,405,559,944	2,526,582,919
11. Net cash from operations (Line 4 minus Line 10).....	138,467,700	(6,398,134)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	366,201,225	367,946,543
12.2 Stocks.....	40,682,671	32,922,138
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....	1,772,324	1,001,316
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(23,687)	(11,439)
12.7 Miscellaneous proceeds.....	63,075	4,302,192
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	408,695,608	406,160,751
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	456,744,356	384,168,025
13.2 Stocks.....	3,143,066	7,577,327
13.3 Mortgage loans.....		
13.4 Real estate.....	9,321,980	7,801,603
13.5 Other invested assets.....	65,509,733	41,001,316
13.6 Miscellaneous applications.....		47,621
13.7 Total investments acquired (Lines 13.1 to 13.6).....	534,719,135	440,595,892
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(126,023,527)	(34,435,142)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	4,165,150	(11,295,919)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	4,165,150	(11,295,919)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	16,609,323	(52,129,195)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	180,278,558	232,407,753
19.2 End of year (Line 18 plus Line 19.1).....	196,887,881	180,278,558
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 .....		



UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1.	Comprehensive (hospital and medical).....	1,672,580,402	75,552,723		1,748,133,125
2.	Medicare supplement.....	264,659,121			264,659,121
3.	Dental only.....	49,398,118		49,238,759	159,359
4.	Vision only.....	6,700,332			6,700,332
5.	Federal employees health benefits plan.....	266,136,168			266,136,168
6.	Title XVIII - Medicare.....	137,442,254	23,812,097		161,254,350
7.	Title XIX - Medicaid.....				.0
8.	Other health.....	33,136,892	2,143,980	436,795	34,844,077
9.	Health subtotal (Lines 1 through 8).....	2,430,053,287	101,508,800	49,675,554	2,481,886,532
10.	Life.....				.0
11.	Property/casualty.....				.0
12.	Totals (Lines 9 to 11).....	2,430,053,287	101,508,800	49,675,554	2,481,886,532

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct.....	1,955,055,604	1,326,587,323	213,051,552	34,524,383	4,212,564	233,732,215	113,369,995		29,577,572	
1.2 Reinsurance assumed.....	92,253,495	65,810,768					20,045,327		6,397,400	
1.3 Reinsurance ceded.....	40,671,709	6,092,817		34,512,637					66,255	
1.4 Net.....	2,006,637,390	1,386,305,274	213,051,552	11,746	4,212,564	233,732,215	133,415,322	0	35,908,717	0
2. Paid medical incentive pools and bonuses.....	12,857,404	10,184,127				1,073,785	1,585,120		14,372	
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	196,296,502	138,544,601	20,475,000	1,298,000		17,598,948	13,130,199		5,249,754	
3.2 Reinsurance assumed.....	10,479,628	5,445,000					2,303,677		2,730,951	
3.3 Reinsurance ceded.....	6,239,294	(2)		1,298,000					4,941,296	
3.4 Net.....	200,536,836	143,989,603	20,475,000	0	0	17,598,948	15,433,876	0	3,039,409	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	0									
4.2 Reinsurance assumed.....	0									
4.3 Reinsurance ceded.....	0									
4.4 Net.....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	6,363,732	5,652,291					708,288		3,153	
6. Net healthcare receivables (a).....	(6,111,532)	(6,116,859)	347,881			64,624	(421,510)		14,332	
7. Amounts recoverable from reinsurers December 31, current year.....	3,912,250	211,218		3,670,035					30,997	
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	216,690,711	156,163,073	20,295,450	1,543,000	45,863	17,102,334	16,975,376		4,565,615	
8.2 Reinsurance assumed.....	14,559,328	7,749,915					1,727,393		5,082,020	
8.3 Reinsurance ceded.....	5,788,779	(2)		1,543,000					4,245,781	
8.4 Net.....	225,461,260	163,912,990	20,295,450	0	45,863	17,102,334	18,702,769	0	5,401,854	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct.....	0									
9.2 Reinsurance assumed.....	0									
9.3 Reinsurance ceded.....	0									
9.4 Net.....	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	3,980,682	3,068,257				244,855	658,736		8,834	
11. Amounts recoverable from reinsurers December 31, prior year.....	9,942,321	6,273,000		3,660,714					8,607	
12. Incurred benefits:										
12.1 Direct.....	1,940,772,927	1,315,085,710	212,883,221	34,279,383	4,166,701	234,164,205	109,946,328	0	30,247,379	0
12.2 Reinsurance assumed.....	88,173,795	63,505,853	0	0	0	0	20,621,611	0	4,046,331	0
12.3 Reinsurance ceded.....	35,092,153	31,035	0	34,276,958	0	0	0	0	784,160	0
12.4 Net.....	1,993,854,569	1,378,560,528	212,883,221	2,425	4,166,701	234,164,205	130,567,939	0	33,509,550	0
13. Incurred medical incentive pools and bonuses.....	15,240,454	12,768,161	0	0	0	828,930	1,634,672	0	8,691	0

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct.....	42,128,241	28,358,595	8,316,699	288,491		2,515,834	398,401		2,250,221	
1.2 Reinsurance assumed.....	1,730,951								1,730,951	
1.3 Reinsurance ceded.....	288,491			288,491						
1.4 Net.....	43,570,701	28,358,595	8,316,699	0	0	2,515,834	398,401	0	3,981,172	0
2. Incurred but unreported:										
2.1 Direct.....	154,168,261	110,186,006	12,158,301	1,009,509		15,083,114	12,731,798		2,999,533	
2.2 Reinsurance assumed.....	8,748,677	5,445,000					2,303,677		1,000,000	
2.3 Reinsurance ceded.....	5,950,803	(2)		1,009,509					4,941,296	
2.4 Net.....	156,966,135	115,631,008	12,158,301	0	0	15,083,114	15,035,475	0	(941,763)	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	0									
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct.....	196,296,502	138,544,601	20,475,000	1,298,000	0	17,598,948	13,130,199	0	5,249,754	0
4.2 Reinsurance assumed.....	10,479,628	5,445,000	0	0	0	0	2,303,677	0	2,730,951	0
4.3 Reinsurance ceded.....	6,239,294	(2)	0	1,298,000	0	0	0	0	4,941,296	0
4.4 Net.....	200,536,836	143,989,603	20,475,000	0	0	17,598,948	15,433,876	0	3,039,409	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical).....	116,574,852	1,308,355,162	1,219,333	140,565,601	117,794,185	162,175,121
2. Medicare supplement.....	17,368,646	195,682,906	104,689	20,370,311	17,473,335	20,295,450
3. Dental only.....	1,320,094	33,204,290	8,644	1,289,356	1,328,738	1,543,000
4. Vision only.....		4,212,564			0	45,863
5. Federal employees health benefits plan.....	16,138,812	217,593,403	209,906	17,389,043	16,348,718	17,102,335
6. Title XVIII - Medicare.....	16,378,483	96,991,511	151,852	12,978,347	16,530,335	16,975,376
7. Title XIX - Medicaid.....					0	
8. Other health.....	421,417	29,156,155	53,684	6,196,070	475,101	7,324,115
9. Health subtotal (Lines 1 to 8).....	168,202,304	1,885,195,991	1,748,108	198,788,728	169,950,412	225,461,260
10. Healthcare receivables (a).....		34,619,302			0	
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....	3,930,853	8,926,551	\$-	6,363,732	3,930,853	3,980,682
13. Totals (Lines 9 - 10 + 11 + 12).....	172,133,157	1,859,503,240	1,748,108	205,152,460	173,881,265	229,441,942

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	1,186,352	1,186,780	1,186,780	1,186,780	1,186,780
2. 2014.....	1,488,580	1,642,050	1,643,251	1,643,251	1,643,251
3. 2015.....	XXX	1,773,046	1,936,903	1,936,976	1,936,976
4. 2016.....	XXX	XXX	1,990,751	2,177,784	2,179,408
5. 2017.....	XXX	XXX	XXX	2,081,794	2,248,371
6. 2018.....	XXX	XXX	XXX	XXX	1,885,196

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	1,185,073	1,186,780	1,186,780	1,186,780	1,186,780
2. 2014.....	1,695,008	1,642,883	1,643,251	1,643,251	1,643,251
3. 2015.....	XXX	1,986,671	1,938,346	1,936,976	1,936,976
4. 2016.....	XXX	XXX	2,239,338	2,177,858	2,179,408
5. 2017.....	XXX	XXX	XXX	2,305,891	2,250,379
6. 2018.....	XXX	XXX	XXX	XXX	2,083,985

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expense	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2014.....	1,983,683	1,643,251	51,752	3.1	1,695,003	85.4			1,695,003	85.4
2. 2015.....	2,243,936	1,936,976	54,432	2.8	1,991,408	88.7			1,991,408	88.7
3. 2016.....	2,496,570	2,179,408	71,503	3.3	2,250,911	90.2			2,250,911	90.2
4. 2017.....	2,499,962	2,248,371	71,585	3.2	2,319,956	92.8	1,749	53	2,321,758	92.9
5. 2018.....	2,481,726	1,885,196	79,763	4.2	1,964,959	79.2	205,152	6,390	2,176,501	87.7

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(\$000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	598,681	598,859	598,859	598,859	598,859
2. 2014.....	936,141	1,042,621	1,043,277	1,043,277	1,043,277
3. 2015.....	XXX	1,217,874	1,331,641	1,331,554	1,331,554
4. 2016.....	XXX	XXX	1,413,777	1,548,274	1,549,824
5. 2017.....	XXX	XXX	XXX	1,490,216	1,605,241
6. 2018.....	XXX	XXX	XXX	XXX	1,308,355

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	597,624	598,859	598,859	598,859	598,859
2. 2014.....	1,077,900	1,043,268	1,043,277	1,043,277	1,043,277
3. 2015.....	XXX	1,367,547	1,332,239	1,331,554	1,331,554
4. 2016.....	XXX	XXX	1,598,910	1,548,375	1,549,824
5. 2017.....	XXX	XXX	XXX	1,651,483	1,607,102
6. 2018.....	XXX	XXX	XXX	XXX	1,448,921

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2014.....	1,301,717	1,043,277	27,856	2.7	1,071,133	82.3			1,071,133	82.3
2. 2015.....	1,551,103	1,331,554	33,352	2.5	1,364,906	88.0			1,364,906	88.0
3. 2016.....	1,771,012	1,549,824	44,540	2.9	1,594,364	90.0			1,594,364	90.0
4. 2017.....	1,789,027	1,605,241	45,378	2.8	1,650,619	92.3	1,219	36	1,651,874	92.3
5. 2018.....	1,748,133	1,308,355	51,190	3.9	1,359,545	77.8	146,218	4,508	1,510,271	86.4

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(\$000 Omitted)

SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	174,656	174,634	174,634	174,634	174,634
2. 2014.....	165,273	182,017	182,087	182,087	182,087
3. 2015.....	XXX	174,957	191,943	191,957	191,957
4. 2016.....	XXX	XXX	181,611	200,791	200,660
5. 2017.....	XXX	XXX	XXX	191,173	208,672
6. 2018.....	XXX	XXX	XXX	XXX	195,683

SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	174,583	174,634	174,634	174,634	174,634
2. 2014.....	185,100	181,952	182,087	182,087	182,087
3. 2015.....	XXX	195,220	192,059	191,957	191,957
4. 2016.....	XXX	XXX	202,376	200,772	200,660
5. 2017.....	XXX	XXX	XXX	211,439	208,617
6. 2018.....	XXX	XXX	XXX	XXX	216,053

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - MEDICARE SUPPLEMENT

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2014.....	240,324	182,087	7,029	3.9	189,116	78.7			189,116	78.7
2. 2015.....	245,069	191,957	7,430	3.9	199,387	81.4			199,387	81.4
3. 2016.....	247,867	200,660	7,779	3.9	208,439	84.1			208,439	84.1
4. 2017.....	257,379	208,672	7,108	3.4	215,780	83.8	105	4	215,889	83.9
5. 2018.....	264,659	195,683	8,909	4.6	204,592	77.3	20,370	754	225,716	85.3

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(\$000 Omitted)

SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	27,561	27,568	27,568	27,568	27,568
2. 2014.....	27,312	28,965	28,975	28,975	28,975
3. 2015.....	XXX	29,953	31,769	31,784	31,784
4. 2016.....	XXX	XXX	31,221	32,790	32,805
5. 2017.....	XXX	XXX	XXX	33,510	34,815
6. 2018.....	XXX	XXX	XXX	XXX	33,204

SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	27,561	27,568	27,568	27,568	27,568
2. 2014.....	28,715	28,972	28,975	28,975	28,975
3. 2015.....	XXX	31,888	31,786	31,784	31,784
4. 2016.....	XXX	XXX	33,343	32,801	32,805
5. 2017.....	XXX	XXX	XXX	35,044	34,830
6. 2018.....	XXX	XXX	XXX	XXX	34,494

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - DENTAL ONLY

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2014.....		28,975		0.0	28,975	0.0			28,975	0.0
2. 2015.....		31,784		0.0	31,784	0.0			31,784	0.0
3. 2016.....		32,805		0.0	32,805	0.0			32,805	0.0
4. 2017.....		34,815		0.0	34,815	0.0	9		34,824	0.0
5. 2018.....		33,204	236	0.7	33,440	0.0	1,289		34,729	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(\$000 Omitted)

SECTION A - PAID HEALTH CLAIMS - VISION ONLY

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	905	905	905	905	905
2. 2014.....	1,533	1,533	1,533	1,533	1,533
3. 2015.....	XXX	2,161	2,161	2,161	2,161
4. 2016.....	XXX	XXX	2,463	2,463	2,463
5. 2017.....	XXX	XXX	XXX	3,814	3,814
6. 2018.....	XXX	XXX	XXX	XXX	4,213

SECTION B - INCURRED HEALTH CLAIMS - VISION ONLY

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	905	905	905	905	905
2. 2014.....	1,569	1,533	1,533	1,533	1,533
3. 2015.....	XXX	2,199	2,161	2,161	2,161
4. 2016.....	XXX	XXX	2,503	2,463	2,463
5. 2017.....	XXX	XXX	XXX	3,860	3,814
6. 2018.....	XXX	XXX	XXX	XXX	4,213

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - VISION ONLY

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2014.....	2,159	1,533		0.0	1,533	71.0			1,533	71.0
2. 2015.....	2,868	2,161		0.0	2,161	75.3			2,161	75.3
3. 2016.....	3,563	2,463		0.0	2,463	69.1			2,463	69.1
4. 2017.....	5,708	3,814		0.0	3,814	66.8			3,814	66.8
5. 2018.....	6,700	4,213	170	4.0	4,383	65.4			4,383	65.4

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(\$000 Omitted)

SECTION A - PAID HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	212,200	212,232	212,232	212,232	212,232
2. 2014.....	201,497	216,216	216,248	216,248	216,248
3. 2015.....	XXX	205,028	221,246	221,301	221,301
4. 2016.....	XXX	XXX	215,198	230,677	230,679
5. 2017.....	XXX	XXX	XXX	219,381	235,519
6. 2018.....	XXX	XXX	XXX	XXX	217,593

SECTION B - INCURRED HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	211,788	212,232	212,232	212,232	212,232
2. 2014.....	219,480	216,259	216,248	216,248	216,248
3. 2015.....	XXX	222,444	221,330	221,301	221,301
4. 2016.....	XXX	XXX	235,118	230,776	230,679
5. 2017.....	XXX	XXX	XXX	236,267	235,514
6. 2018.....	XXX	XXX	XXX	XXX	234,982

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2014.....	241,081	216,248	6,673	3.1	222,921	92.5			222,921	92.5
2. 2015.....	252,247	221,301	5,931	2.7	227,232	90.1			227,232	90.1
3. 2016.....	275,089	230,679	8,988	3.9	239,667	87.1			239,667	87.1
4. 2017.....	256,173	235,519	9,422	4.0	244,941	95.6	210	.8	245,159	95.7
5. 2018.....	266,136	217,593	9,836	4.5	227,429	85.5	17,389	.637	245,455	92.2

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(\$000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	134,972	135,205	135,205	135,205	135,205
2. 2014.....	124,708	138,478	138,905	138,905	138,905
3. 2015.....	XXX	111,997	126,919	126,993	126,993
4. 2016.....	XXX	XXX	114,797	131,015	131,198
5. 2017.....	XXX	XXX	XXX	111,279	127,474
6. 2018.....	XXX	XXX	XXX	XXX	96,992

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	135,231	135,205	135,205	135,205	135,205
2. 2014.....	142,118	138,681	138,905	138,905	138,905
3. 2015.....	XXX	129,407	127,340	126,993	126,993
4. 2016.....	XXX	XXX	131,148	131,046	131,198
5. 2017.....	XXX	XXX	XXX	128,103	127,657
6. 2018.....	XXX	XXX	XXX	XXX	109,970

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2014.....	154,688	138,905	7,928	5.7	146,833	94.9			146,833	94.9
2. 2015.....	147,727	126,993	6,550	5.2	133,543	90.4			133,543	90.4
3. 2016.....	154,146	131,198	7,115	5.4	138,313	89.7			138,313	89.7
4. 2017.....	148,744	127,474	6,272	4.9	133,746	89.9	152	.5	133,903	90.0
5. 2018.....	161,254	96,992	6,582	6.8	103,574	64.2	13,687	480	117,741	73.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(\$000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	NONE				
2. 2014.....					
3. 2015.....		XXX			
4. 2016.....		XXX	XXX		
5. 2017.....		XXX	XXX	XXX	
6. 2018.....		XXX	XXX	XXX	XXX

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	NONE				
2. 2014.....					
3. 2015.....		XXX			
4. 2016.....		XXX	XXX		
5. 2017.....		XXX	XXX	XXX	
6. 2018.....		XXX	XXX	XXX	XXX

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 3 + Col. 4)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2014.....		0		0.0	0	0.0			0	0.0
2. 2015.....		0		0.0	0	0.0			0	0.0
3. 2016.....		0		0.0	0	0.0			0	0.0
4. 2017.....		0		0.0	0	0.0			0	0.0
5. 2018.....		0		0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(\$000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	37,377	37,377	37,377	37,377	37,377
2. 2014.....	32,116	32,220	32,226	32,226	32,226
3. 2015.....	XXX	31,076	31,224	31,226	31,226
4. 2016.....	XXX	XXX	31,684	31,774	31,779
5. 2017.....	XXX	XXX	XXX	32,420	32,836
6. 2018.....	XXX	XXX	XXX	XXX	29,156

SECTION B - INCURRED HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	37,381	37,377	37,377	37,377	37,377
2. 2014.....	40,126	32,218	32,226	32,226	32,226
3. 2015.....	XXX	37,966	31,431	31,226	31,226
4. 2016.....	XXX	XXX	35,940	31,624	31,779
5. 2017.....	XXX	XXX	XXX	39,695	32,845
6. 2018.....	XXX	XXX	XXX	XXX	35,352

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2014.....	43,714	32,226	2,266	7.0	34,492	78.9			34,492	78.9
2. 2015.....	44,922	31,226	1,169	3.7	32,395	72.1			32,395	72.1
3. 2016.....	44,893	31,779	3,081	9.7	34,860	77.7			34,860	77.7
4. 2017.....	42,931	32,836	3,405	10.4	36,241	84.4	54		36,295	84.5
5. 2018.....	34,844	29,156	2,840	9.7	31,996	91.8	6,199	11	38,206	109.6

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	5,166,683	16,207	5,057,936	85,602					6,937
2. Additional policy reserves (a).....	0								
3. Reserve for future contingent benefits.....	0								
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income).....	127,184,185					125,343,764			1,840,421
5. Aggregate write-ins for other policy reserves.....	0	0	0	0	0	0	0	0	0
6. Totals (gross).....	132,350,868	16,207	5,057,936	85,602	0	125,343,764	0	0	1,847,358
7. Reinsurance ceded.....	0								
8. Totals (net) (Page 3, Line 4).....	132,350,868	16,207	5,057,936	85,602	0	125,343,764	0	0	1,847,358
9. Present value of amounts not yet due on claims.....	0								
10. Reserve for future contingent benefits.....	0								
11. Aggregate write-ins for other claim reserves.....	0	0	0	0	0	0	0	0	0
12. Totals (gross).....	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded.....	0								
14. Totals (net) (Page 3, Line 7).....	0	0	0	0	0	0	0	0	0

DETAILS OF WRITE-INS

0501. ....	0								
0502. ....	0								
0503. ....	0								
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	0	0	0	0	0	0	0	0	0
1101. ....	0								
1102. ....	0								
1103. ....	0								
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0	0	0	0	0	0

(a) Includes \$.....0 premium deficiency reserve.

USAbile Mutual Insurance Company  
UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....9,353,425 for occupancy of own building).....	184,931	1,114,664	7,146,453	9,353,425	17,799,473
2. Salaries, wages and other benefits.....	65,641,157	34,114,756	162,996,729		262,752,642
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....			39,117,835		39,117,835
4. Legal fees and expenses.....	60,000		687,200		747,200
5. Certifications and accreditation fees.....	1,423				1,423
6. Auditing, actuarial and other consulting services.....	1,321,006	9,760	7,063,269		8,394,035
7. Traveling expenses.....	655,697	46,868	2,211,266		2,913,831
8. Marketing and advertising.....	88,251		4,120,774		4,209,025
9. Postage, express and telephone.....	792,502	4,121,722	8,017,714		12,931,938
10. Printing and office supplies.....	554,797	146,921	4,290,995		4,992,713
11. Occupancy, depreciation and amortization.....	870,344	243,883	3,759,784		4,874,011
12. Equipment.....	203,901	112,403	3,301,820		3,618,124
13. Cost or depreciation of EDP equipment and software.....	4,863,218	1,701,438	37,529,858		44,094,514
14. Outsourced services including EDP, claims, and other services.....	23,230,911	(2,405,125)	17,016,384	2,038,571	39,880,741
15. Boards, bureaus and association fees.....	270,701	4,140	3,562,300		3,837,141
16. Insurance, except on real estate.....	172,410	110,631	1,539,151		1,822,192
17. Collection and bank service charges.....			2,497,229		2,497,229
18. Group service and administration fees.....	(2,637,402)	41,782,356	4,397,644		43,542,598
19. Reimbursements by uninsured plans.....	(93,693,978)	(1,200,793)	(176,669,091)		(271,563,862)
20. Reimbursements from fiscal intermediaries.....		1,284,445			1,284,445
21. Real estate expenses.....	694,436	304,620	4,770,290	972,175	6,741,521
22. Real estate taxes.....	79,035	24,155	405,473	20,840	529,503
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....		2,987	119,192		122,179
23.2 State premium taxes.....			27,807,898		27,807,898
23.3 Regulatory authority licenses and fees.....	8,755		46,514,261		46,523,016
23.4 Payroll taxes.....	3,556,917	1,887,687	7,986,565		13,431,169
23.5 Other (excluding federal income and real estate taxes).....	28,875	9,750	266,192		304,817
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	5,355,079	2,276,644	168,311,561	0	175,943,284
26. Total expenses incurred (Lines 1 to 25).....	12,302,966	85,693,912	388,768,746	12,385,011	(a).....499,150,635
27. Less expenses unpaid December 31, current year.....		6,442,803	396,842,462		403,285,266
28. Add expenses unpaid December 31, prior year.....		6,102,438	258,290,478		264,392,916
29. Amounts receivable relating to uninsured plans, prior year.....					0
30. Amounts receivable relating to uninsured plans, current year.....			974,137		974,137
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	12,302,966	85,353,546	251,190,898	12,385,011	361,232,421

DETAILS OF WRITE-INS

2501. Administrative Expenses Assumed.....	4,193,491	(43,215)	24,852,153		29,002,429
2502. Administrative Expenses Ceded.....	(297,265)	1,935,271	(6,153,663)		(4,515,657)
2503. HMOP ASA Agreement.....			(2,807,761)		(2,807,761)
2598. Summary of remaining write-ins for Line 25 from overflow page.....	1,458,853	384,588	152,420,832	0	154,264,273
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above).....	5,355,079	2,276,644	168,311,561	0	175,943,284

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....3,342,694	.....3,535,405
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....12,086,276	.....12,321,681
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....1,694,428	.....1,656,726
2.21 Common stocks of affiliates.....	.....336,363	.....336,363
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....10,748,071	.....10,748,072
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....3,309,101	.....3,512,754
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....4,343,038	.....4,733,344
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....35,859,971	.....36,844,345
11. Investment expenses.....	.....	(g).....12,385,011
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....12,385,011
17. Net investment income (Line 10 minus Line 16).....	.....	.....24,459,334

DETAILS OF WRITE-INS

0901. ....	.....	.....
0902. ....	.....	.....
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0	.....0
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....	.....	.....0
(a) Includes \$.....498,886 accrual of discount less \$.....4,674,916 amortization of premium and less \$.....1,595,832 paid for accrued interest on purchases.		
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.		
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.		
(d) Includes \$.....9,353,425 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.		
(e) Includes \$.....1,376,436 accrual of discount less \$.....0 amortization of premium and less \$.....700,381 paid for accrued interest on purchases.		
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.		
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.		
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.		
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....(2,503,507)	.....	.....(2,503,507)	.....685,384	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....(2,034,307)	.....	.....(2,034,307)	.....7,511	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....20,390,878	.....(332,495)	.....20,058,383	.....(19,542,243)	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....1,835,897	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....(14,558)	.....14,558	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....(23,687)	.....	.....(23,687)	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....(234,099)	.....	.....(234,099)	.....120,748	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....12,216,653	.....0
10. Total capital gains (losses).....	.....15,580,720	.....(317,937)	.....15,262,783	.....(4,676,050)	.....0

DETAILS OF WRITE-INS

0901. SSP & Other.....	.....	.....	.....0	.....3,514,113	.....
0902. OPEB.....	.....	.....	.....0	.....8,702,540	.....
0903. ....	.....	.....	.....0	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page...	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....12,216,653	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....0		0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....0	0	0	0
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....	3,281,029	432,661	(2,848,367)
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....	720,483	1,333,947	613,463
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....	53,209,642	16,669,178	(36,540,464)
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....	8,203,790	5,370,097	(2,833,694)
21. Furniture and equipment, including health care delivery assets.....	26,325,216	27,342,940	1,017,724
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....	1,665,932	2,178,300	512,368
24. Health care and other amounts receivable.....	7,356,939	16,064,280	8,707,341
25. Aggregate write-ins for other-than-invested assets.....	36,637,038	24,559,197	(12,077,840)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	137,400,069	93,950,600	(43,449,469)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	137,400,069	93,950,600	(43,449,469)

DETAILS OF WRITE-INS

1101. ....			0
1102. ....			0
1103. ....			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....0		0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....0		0	0
2501. Other Assets.....	36,637,038	24,559,197	(12,077,840)
2502. ....			0
2503. ....			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....0		0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	36,637,038	24,559,197	(12,077,840)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....						
2. Provider service organizations.....						
3. Preferred provider organizations.....	467,041	455,725	449,630	435,682	417,233	5,331,320
4. Point of service.....						
5. Indemnity only.....	198,271	201,752	201,890	202,003	201,446	2,408,269
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total.....	665,312	657,477	651,520	637,685	618,679	7,739,589

DETAILS OF WRITE-INS

0601. ....						
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The financial statements of Arkansas Blue Cross and Blue Shield are presented on the basis of accounting practices prescribed or permitted by the Arkansas Insurance Department.

The Arkansas Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Arkansas for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under Arkansas Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, version effective January 1, 2001, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the Arkansas Insurance Department.

	SSAP #	F/S Page	F/S Line #	2018	2017
NET INCOME					
(1) Company state basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$ (21,330,429)	\$ 30,666,365
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ (21,330,429)	\$ 30,666,365
SURPLUS					
(5) Company state basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 830,545,432	\$ 866,336,545
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 830,545,432	\$ 866,336,545

B. Use of Estimates in the Preparation of the Financial Statement

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business are charged to operations as incurred.

In addition, the company uses the following accounting policies:

- 1) Short-term investments are stated at amortized cost.
- 2) Bonds not backed by other loans and are stated at amortized cost using the interest method. The company is not currently holding any SVO-Identified investments.
- 3) Common Stocks are carried at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
- 4) The Company does not have preferred stock.
- 5) The Company does not have mortgage loans.
- 6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair value. The retrospective adjustment method is used to value all securities.
- 7) Common stock investments in affiliates including limited liability companies are carried at their NAIC SAP or GAAP equity values in accordance with the requirements of SSAP no. 97, *Investments in Subsidiary, Controlled, and Affiliated Entities*.
- 8) The Company has investments in joint ventures, partnerships and limited liability companies. See (7) above for accounting policy.
- 9) The Company does not have derivatives.
- 10) The Company does not have premium deficiency reserves.
- 11) When setting reserves, the Company employs the 5 methods that are described below. Based on the estimates of these methods and also retrospective considerations, the company sets a best estimate and then an explicit margin is added to ensure that the estimate is sufficient. The average of the methods, as well as the spread of the estimates, is also considered when setting the respective liabilities. Aggregate liabilities are tested against other aggregate estimation methods to check for reasonableness, and any additional margin or adjustments are made.

a. **Aggregate Method:** 12 months of paid claimsare subtracted from 12 months of estimated incurred claims to get theliability estimate

b. **3 Month Average Method:** For the base liability estimate, the average liability of the third, fourth, and fifth month prior to the current month is used. Adjustments are made for trend, membership change, and backlog to determine the current month's estimate of liability.

c. **Previous Year's IBNR Method** This method is similar to the Three Month Average Method, except that the actual reserve from one year ago is used as the base estimate of liability. This is projected forward using adjustments for trend, membership change, and backlog.

d. **CY Lag Method:** This method calculates completion factors by incurral year. Completion factors used for the current year are based on the previous year's experience. Completion factors for the most recent 3 years are set manually.

e. **12 Month CF Method:** This method is identical to the CY Lag Method, except that historical completion factors are based on 12 months of rolling data.
- 12) No change in the capitalization policy this year.
- 13) Pharmacy rebate receivable estimates are based upon the prior quarter's invoiced amounts.

NOTES TO FINANCIAL STATEMENTS

D. Going Concern

For the period ending December 31, 2018 management has evaluated the Company’s ability to continue as a going concern. Management has concluded that there is not substantial doubt that the Company can continue as a going concern, therefore, there are no policies in place to alleviate such situations.

Note 2 – Accounting Changes and Correction of Errors

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Arkansas. There were no accounting changes or correction of errors during 2018.

Note 3 – Business Combinations and Goodwill

A. Statutory Purchase Method

Not applicable

B. Statutory Merger

Not applicable

C. Assumption Reinsurance

Not applicable

D. Impairment Loss

Not applicable

Note 4 – Discontinued Operations

A. Discontinued Operation Disposed of or Classified as Held for Sale

Not applicable

B. Change in Plan of Sale of Discontinued Operation

Not applicable

C. Nature of Any Significant Continuing Involvement with Discontinued Operations After Disposal

Not applicable

D. Equity Interest Retained in the Discontinued Operation After Disposal

Not applicable

Note 5 – Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

Not Applicable

B. Debt Restructuring

Not Applicable

C. Reverse Mortgages

Not Applicable

D. Loan-Backed Securities

NOTES TO FINANCIAL STATEMENTS

(1)	Descriptions of sources used to determine prepayment assumptions
	For fixed-rate agency mortgage-backed securities, Clearwater Analytics calculates prepayment speeds utilizing Mortgage Industry Advisory Corporation (MIAC) Mortgage Industry Medians (MIMs). MIMs are derived from a semi-monthly dealer-consensus survey of long-term prepayment projections. For other mortgage-backed, loan-backed, and structured securities, Clearwater utilizes prepayment assumptions from Moody's Analytics. Moody's applies a flat economic credit model and utilizes a vector of multiple monthly speeds as opposed to a single speed for more robust projections. In instances where Moody's projections are not available, Clearwater uses data from Reuters, which utilizes the median prepayment speed from contributors' models.
(2)	All securities within the scope of SSAP NO. 43R - Loan-Backed and Structured Securities with a recognized other-than-temporary impairment, disclosed in the aggregate, classified on the basis for the other-than-temporary impairment
	Not Applicable
(3)	For each security, by CUSIP, with an other-than-temporary impairment, recognized in the current reporting period by the reporting entity, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities
	Not Applicable
(4)	All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):
	a. The aggregate amount of unrealized losses:
	1. Less than 12 Months \$30,113
	2. 12 Months or Longer \$23,589
	b. The aggregate related fair value of securities with unrealized losses:
	1. Less than 12 Months \$2,657,278
	2. 12 Months or Longer \$1,864,875
E.	Dollar Repurchase Agreements and/or Securities Lending Transactions
	Not Applicable
F.	Repurchase Agreements Transactions Accounted for as Secured Borrowing
	Not Applicable
G.	Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing
	Not Applicable
H.	Repurchase Agreements Transactions Accounted for as a Sale
	Not Applicable
I.	Reverse Repurchase Agreements Transactions Accounted for as a Sale
	Not Applicable
J.	Real Estate
	Not Applicable

NOTES TO FINANCIAL STATEMENTS

- K. Low-Income Housing Tax Credits (LIHTC)
- Not Applicable
- L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	1 Total Gross Restricted from Current Year	2 Total Gross Restricted from Prior Year	3 Increase (Decrease) (1 minus 2)	4 Total Current Year Nonadmitted Restricted	5 Total Current Year Admitted Restricted (1 minus 4)	6 Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	7 Additional Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	\$ 32,000,000	\$ 32,000,000	\$	\$	\$ 32,000,000	1.7%	1.8%
b. Collateral held under security lending arrangements						%	%
c. Subject to repurchase agreements						%	%
d. Subject to reverse repurchase agreements						%	%
e. Subject to dollar repurchase agreements						%	%
f. Subject to dollar reverse repurchase agreements						%	%
g. Placed under option contracts						%	%
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock						%	%
i. FHLB capital stock						%	%
j. On deposit with states	149,817	101,465	48,352		149,817	%	%
k. On deposit with other regulatory bodies						%	%
l. Pledged as collateral to FHLB (including assets backing funding agreements)						%	%
m. Pledged as collateral not captured in other categories						%	%
n. Other restricted assets	106,500	257,153	(150,653)		106,500	%	%
o. Total Restricted Assets	\$ 32,256,317	\$ 32,358,618	\$ (102,301)	\$	\$ 32,256,317	1.7%	1.8%

(a) Column 1 divided by Asset Page, Column 1, Line 28

(b) Column 5 divided by Asset Page, Column 1, Line 28

**NOTES TO FINANCIAL STATEMENTS**

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contacts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate)

	1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	3  Increase (Decrease) (1 minus 2)	4  Total Current Year Admitted Restricted	5  Gross (Admitted & Nonadmitted) Restricted to Total Assets	6  Admitted Restricted to Total Admitted Assets
	\$	\$	\$	\$	%	%
Total (c)	\$	\$	\$	\$	%	%

(a) Total Line for Columns 1 through 3 should equal 5H(1)m Columns 1 through 3 respectively and Total Line for Column 4 should equal 5H(1)m Column 5.

(3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate)

	1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	3  Increase (Decrease) (1 minus 2)	4  Total Current Year Admitted Restricted	5  Gross (Admitted & Nonadmitted) Restricted to Total Assets	6  Admitted Restricted to Total Admitted Assets
High Deductible Workers' Comp - CD	\$	\$ 50,000	\$ (50,000)	\$	%	%
High Deductible Workers' Comp - Money Market Fund	\$ 106,500	\$ 106,500	\$	\$ 106,500	%	%
High Deductible Workers' Comp - T-Note	\$	\$ 100,653	\$ (100,653)	\$	%	%
Total (c)	\$ 106,500	\$ 257,153	\$ (150,653)	\$ 106,500	%	%

(a) Total Line for Columns 1 through 3 should equal 5H(1)n Columns 1 through 3 respectively and Total Line for Column 4 should equal 5H(1)n Column 5.

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

Not Applicable

M. Working Capital Finance Investments

Not Applicable

N. Offsetting and Netting of Assets and Liabilities

Not Applicable

O. Structured Notes

Not Applicable

P. 5\* Securities

Not Applicable

Q. Short Sales

Not Applicable

R. Prepayment Penalty and Acceleration Fees

General Account

(1) Number of CUSIPs 6

(2) Aggregate Amount of Insurance Income \$469,800

NOTES TO FINANCIAL STATEMENTS

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

Note 7 – Investment Income

- A. All investment income due and accrued is included in investment income.
- B. The Total amount excluded was -0-

Note 8 – Derivative Instruments

- A. Market Risk, Credit Risk, and Cash Requirements of the Derivative  
Not Applicable
- B. Objectives for Using Derivatives  
Not Applicable
- C. Accounting Policies Used for Recognition  
Not Applicable
- D. Derivative Contracts with Financing Premiums  
Not Applicable
- E. Net Gain or Loss Recognized that Represents the Component of the Derivative Instruments' Gain or Loss that was Excluded from the Assessment of Hedge Effectiveness  
Not Applicable
- F. Net Gain or Loss Recognized from Derivatives that No Longer Qualify for Hedge Accounting  
Not Applicable
- G. Derivatives Accounted for as Cash Flow Hedges of a Forecasted Transaction  
Not Applicable
- H. The Aggregate, Non-Discounted Total Premium Cost for the se Contracts and the Premium Cost Due in Each of the Following Four Years  
Not Applicable

Note 9 – Income Taxes

- A. The components of the net deferred tax asset/(liability) are as follows:

1.	Components of Net Deferred Tax Asset/(Liability)								
	2018			2017			Change		
	1	2	3	4	5	6	7	8	9
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Gross deferred tax assets	\$102,165,437	\$ 789,724	\$102,955,161	\$ 72,786,891	\$ 848,518	\$ 73,635,409	\$ 29,378,546	\$ (58,794)	\$ 29,319,752
b. Statutory valuation allowance adjustment	1,522,500		1,522,500	1,522,500		1,522,500			
c. Adjusted gross deferred tax assets (1a-1b)	\$100,642,937	\$ 789,724	\$101,432,661	\$ 71,264,391	\$ 848,518	\$ 72,112,909	\$ 29,378,546	\$ (58,794)	\$ 29,319,752
d. Deferred tax assets nonadmitted	53,209,642		53,209,642	16,669,178		16,669,178	36,540,464		36,540,464
e. Subtotal net admitted deferred tax asset (1c-1d)	\$ 47,433,295	\$ 789,724	\$ 48,223,019	\$ 54,595,213	\$ 848,518	\$ 55,443,731	\$ (7,161,918)	\$ (58,794)	\$ (7,220,712)
f. Deferred tax liabilities	1,301,940	13,351,920	14,653,860	715,191	25,682,817	26,398,008	586,749	(12,330,897)	(11,744,148)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 46,131,355	\$(12,562,196)	\$ 33,569,159	\$ 53,880,022	\$(24,834,299)	\$ 29,045,723	\$ (7,748,667)	\$ 12,272,103	\$ 4,523,436

**NOTES TO FINANCIAL STATEMENTS**

2. Admission Calculation Components SSAP No. 101

	2018			2017			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 30,798,193	\$	\$ 30,798,193	\$ 23,872,156	\$	\$ 23,872,156	\$ 6,926,037	\$	\$ 6,926,037
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)	2,770,967		2,770,967	5,173,567		5,173,567	(2,402,600)		(2,402,600)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	2,770,967		2,770,967	5,173,567		5,173,567	(2,402,600)		(2,402,600)
2. Adjusted gross deferred tax assets allowed per limitation threshold									
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	13,864,136	789,724	14,653,860	25,549,490	848,518	26,398,008	(11,685,354)	(58,794)	(11,744,148)
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c))	\$ 47,433,296	\$ 789,724	\$ 48,223,020	\$ 54,595,213	\$ 848,518	\$ 55,443,731	\$ (7,161,917)	\$ (58,794)	\$ (7,220,711)

3. Other Admissibility Criteria

	2018	2017
a. Ratio percentage used to determine recovery period and threshold limitation amount	760.1%	807.7%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 737,806,812	\$ 771,028,049

4. Impact of Tax Planning Strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

	2018		2017		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 100,642,937	\$ 789,724	\$ 71,264,391	\$ 848,518	\$ 29,378,546	\$ (58,794)
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	%	%	%	%	%	%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 47,433,295	\$ 789,724	\$ 54,595,213	\$ 848,518	\$ (7,161,918)	\$ (58,794)
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	%	%	%	%	%	%

(b) Does the company's tax planning strategies include the use of reinsurance? NO

NOTES TO FINANCIAL STATEMENTS

B. Deferred Tax Liabilities Not Recognized

Not Applicable

C. Current and Deferred Income Taxes

1. Current Income Tax

	1	2	3
	2018	2017	(Col 1-2) Change
a. Federal	\$ 49,760,046	\$ 5,330,009	\$ 44,430,037
b. Foreign	\$	\$	\$
c. Subtotal	\$ 49,760,046	\$ 5,330,009	\$ 44,430,037
d. Federal income tax on net capital gains	\$ 3,275,008	\$ (3,457,325)	\$ 6,732,333
e. Utilization of capital loss carry-forwards	\$	\$	\$
f. Other	\$ (2,808,734)	\$ (3,380,244)	\$ 571,510
g. Federal and Foreign income taxes incurred	\$ 50,226,320	\$ (1,507,560)	\$ 51,733,880

2. Deferred Tax Assets

	1	2	3
	2018	2017	(Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 762,084	\$ 716,725	\$ 45,359
2. Unearned premium reserve			
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs	436,272	5,368,619	(4,932,347)
6. Policyholder dividends accrual			
7. Fixed assets	4,889,058	4,580,027	309,031
8. Compensation and benefits accrual	41,162,866	43,291,977	(2,129,111)
9. Pension accrual			
10. Receivables - nonadmitted	12,869,335	11,952,713	916,622
11. Net operating loss carry-forward			
12. Tax credit carry-forward	2,770,967	5,008,105	(2,237,138)
13. Other (items <=5% and >5% of total ordinary tax assets)	39,274,855	1,868,725	37,406,130
Other (items listed individually >5%of total ordinary tax assets)			
99. Subtotal	102,165,437	72,786,891	29,378,546
b. Statutory valuation allowance adjustment	1,522,500	1,522,500	
c. Nonadmitted	53,209,642	16,669,178	36,540,464
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	47,433,295	54,595,213	(7,161,918)
e. Capital:			
1. Investments	\$ 789,724	\$ 848,518	\$ (58,794)
2. Net capital loss carry-forward			
3. Real estate			
4. Other (items <=5% and >5% of total capital tax assets)			
Other (items listed individually >5% of total capital tax assets)			
99. Subtotal	\$ 789,724	\$ 848,518	\$ (58,794)
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)	789,724	848,518	(58,794)
i. Admitted deferred tax assets (2d+2h)	\$ 48,223,019	\$ 55,443,731	\$ (7,220,712)

3. Deferred Tax Liabilities

	1	2	3
	2018	2017	(Col 1-2) Change
a. Ordinary:			
1. Investments	\$ 195,270	\$ 151,830	\$ 43,440
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (items <=5% and >5% of total ordinary tax liabilities)	1,106,670	563,361	543,309
Other (items listed individually >5% of total ordinary tax liabilities)			
99. Subtotal	1,301,940	715,191	586,749
b. Capital:			
1. Investments	13,351,920	25,682,817	(12,330,897)
2. Real estate			
3. Other (Items <=5% and >5% of total capital tax liabilities)			
Other (items listed individually >5% of total capital tax liabilities)			
99. Subtotal	13,351,920	25,682,817	(12,330,897)
c. Deferred tax liabilities (3a99+3b99)	\$ 14,653,860	\$ 26,398,008	\$ (11,744,148)
4. Net Deferred Tax Assets (2i – 3c)	\$ 33,569,159	\$ 29,045,723	\$ 4,523,436

NOTES TO FINANCIAL STATEMENTS

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate Among the more significant book to tax adjustments were the following:

	Amount	Effective Tax Rate (%)
<b>Permanent Differences:</b>		
Provision computed at statutory rate	\$ 6,068,578	21.0%
Proration of tax exempt investment income	1,306,891	4.5%
Tax exempt income deduction	(263,047)	(0.9)%
Dividends received deduction	(4,964,516)	(17.2)%
Disallowed travel and entertainment	126,706	0.4%
Other permanent differences	10,080,971	34.9%
<b>Temporary Differences:</b>		
Total ordinary DTAs		%
Total ordinary DTLs		%
Total capital DTAs		%
Total capital DTLs		%
<b>Other:</b>		
Statutory valuation allowance adjustment		%
Accrual adjustment – prior year	891,734	3.1%
Other	3,997,686	13.8%
Totals	17,245,003	59.7%
Federal and foreign income taxes incurred	46,951,312	162.5%
Realized capital gains (losses) tax	3,275,008	11.3%
Change in net deferred income taxes	(32,981,318)	(114.1)%
Total statutory income taxes	\$ 17,245,002	59.7%

E. Operating Loss Carryforwards and Income Taxes Available for Recoupment

1. The amounts, origination dates and expiration dates of operating loss and tax credit carry forwards available for tax purposes:

At December 31, 2018, the Company did not have any unused operating loss carryforwards available to offset against future taxable income

2. The following is income tax expense for current year and proceeding years that is available for recoupment in the event of future net losses:

Year	Amounts
2017	\$57,027,242
2016	\$2,121,266

3. The Company’s aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code is 0.

F. Consolidated Federal Income Tax Return

1. The Company’s federal income tax return is consolidated with the following entities:

USAbLe Mutual Insurance Company  
USAbLe Corporation  
Group Service Underwriters Inc  
USAbLe Partners LLC

2. The manner in which the Board of Directors sets forth for allocating the consolidated federal income tax:

The method of allocation among companies is subject to a written agreement, approved by the required authorized officers. The method of allocation chosen is in accordance with IRS Regulation 1.1502-33(d)(2)(I) whereby profitable companies pay tax according to their income or losses. Intercompany tax balances are paid quarterly based on estimates and settled annual upon completion of the consolidated tax return.

G. Federal or Foreign Federal Income Tax Loss Contingencies:

The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

NOTES TO FINANCIAL STATEMENTS

Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. Nature of the Relationship Involved

USAbLe Mutual Insurance Company, d.b.a. Arkansas Blue Cross Blue Shield, owns 100% of USAbLe Corporation, 20% of Partnership for a Healthy Arkansas, LLC, 50% of HMO Partners, Inc. and On December 31<sup>st</sup> 2018, the Company’s investment in LSVP was dissolved, and the ownership interest in LSVP was converted to a direct investment in LSV, LLC. The Company owns 40.75% of LSV, LLC. LSV, LLC owns 100% of USAbLe Life. As of December 31, 2018, USAbLe Corporation owns 100% of Pinnacle Insurance Agency, 100% of USAbLe Partners, LLC 50% of Medsite Health Mgmt, LLC, and 10% of New Directions Behavioral Health Holding Company, LLC.

B. Transactions

N/A

C. Dollar Amounts of Transactions

N/A

D. Amounts Due From or To Related Parties

At December 31, 2018, the Company reported the folloiwng admitted amounts due from Affiliates:

HMO Partners, Inc.	\$10,617,759
USAbLe Corporation	774,289
Blue & You Foundation	59,007
Life and Specialty Ventures	27,296
USAbLe Partners, LLC	30,581
USAbLe Life	4,176
Medsite Health Management, LLC	<u>1,892</u>
Total	\$11,515,000

At December 31, 2018, the Company reported the following amounts due to Affiliates:

USAbLe Corporation	\$ 1,074,712
USAbLe Partners, LLC	23,614
Life and Specialty Ventures	<u>(302)</u>
Total	\$ 1,098,024

E. Guarantees or Undertakings

N/A

F. Material Management or Service Contracts and Cost-Sharing Arrangements

The Company and certain subsidiary affiliates, including unconsolidated subsidiaries, participate in a vendor payment system administered and maintained by the Company. Costs from this system as well as other costs, which have multi-company benefit, are allocated to the Company and its affiliates based on allocation formulas.

G. Nature of the Control Relationship

N/A

H. Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned

N/A

I. Investments in SCA that Exceed 10% of Admitted Assets

There were no investments in SCA that exceeded 10% of admitted assets.

J. Investments in Impaired SCAs

N/A

K. Investment in Foreign Insurance Subsidiary

N/A

L. Investment in Downstream Noninsurance Holding Company

N/A

NOTES TO FINANCIAL STATEMENTS

M. All SCA Investments

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
	%	\$	\$	\$
Total SSAP No. 97 8a Entities	XXX	\$	\$	\$
b. SSAP No. 97 8b(ii) Entities				
	%	\$	\$	\$
Total SSAP No. 97 8b(ii) Entities	XXX	\$	\$	\$
c. SSAP No. 97 8b(iii) Entities				
USAbLe Corporation	100.00%	\$ 135,664,881	\$ 135,664,881	
Partnership for a Healthier Arkansas, LLC	20.0 %	\$ 199,609	\$ 199,609	\$
Total SSAP No. 97 8b(iii) Entities	XXX	\$ 135,864,489	\$ 135,864,489	\$
d. SSAP No. 97 8b(iv) Entities				
	%	\$	\$	\$
Total SSAP No. 97 8b(iv) Entities	XXX	\$	\$	\$
e. Total SSAP No. 97 8b Entities (except 8b(i) entities) (b + c + d)	XXX	\$ 135,864,489	\$ 135,864,489	\$
f. Aggregate Total (a + e)	XXX	\$ 135,864,489	\$ 135,864,489	\$

(2) NAIC Filing Response Information

SCA Entity (Should be the same entities as shown in M(1) above)	Type of NAIC Filing*	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method Resubmission Required Y/N	Code**
a. SSAP No. 97 8a Entities						
			\$			
Total SSAP No. 97 8a Entities	XXX	XXX	\$	XXX	XXX	XXX
b. SSAP No. 97 8b(ii) Entities						
			\$			
Total SSAP No. 97 8b(ii) Entities	XXX	XXX	\$	XXX	XXX	XXX
c. SSAP No. 97 8b(iii) Entities						
			\$			
Total SSAP No. 97 8b(iii) Entities	XXX	XXX	\$	XXX	XXX	XXX
d. SSAP No. 97 8b(iv) Entities						
			\$			
Total SSAP No. 97 8b(iv) Entities	XXX	XXX	\$	XXX	XXX	XXX
e. Total SSAP No. 97 8b Entities (except 8b(i) entities) (b + c + d)	XXX	XXX	\$	XXX	XXX	XXX
f. Aggregate Total (a + e)	XXX	XXX	\$	XXX	XXX	XXX

\* S1 – Sub-1, S2 – Sub-2 or RDF – Resubmission of Disallowed Filing  
\*\* I – Immaterial or M – Material

N. Investment in Insurance SCAs

The company does not invest in an insurance SCA that departs from the NAIC statutory accounting practices and procedures

O. SCA Loss Tracking

Not Applicable

Note 11 – Debt

A. Debt Including Capital Notes

Not Applicable

B. FHLB (Federal Home Loan Bank) Agreements

Not Applicable

NOTES TO FINANCIAL STATEMENTS

Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement

A. Defined Benefit Plan

(1) Change in Benefit Obligation

	Overfunded		Underfunded	
	2018	2017	2018	2017
a. Pension Benefits				
1. Benefit obligation at beginning of year	\$	\$	\$	\$
2. Service cost				
3. Interest cost				
4. Contribution by plan participants				
5. Actuarial gain (loss)				
6. Foreign currency exchange rate changes				
7. Benefits paid				
8. Plan amendments				
9. Business combinations, divestitures, curtailments, settlements and special termination benefits				
10. Benefit obligation at end of year	\$	\$	\$	\$

(2) Change in Plan Assets

Not Applicable

(3) Funded Status of the Plans

Not Applicable

(4) Components of Net Periodic Benefit Cost

	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits per SSAP No. 11	
	2018	2017	2018	2017	2018	2017
a. Service cost	\$	\$	\$ 836,000	\$ 950,000	\$	\$
b. Interest cost			5,387,000	6,170,000		
c. Expected return on plan assets						
d. Transition asset or obligation						
e. Gains and losses			544,000	1,193,000		
f. Prior service cost or credit			(2,614,000)	(2,614,000)		
g. Gain or loss recognized due to a settlement curtailment						
h. Total net periodic benefit cost	\$	\$	\$ 4,153,000	\$ 5,699,000	\$	\$

(5) Amounts in Unassigned Funds (Surplus) Recognized as Components of Net Periodic Benefit Cost

Not Applicable

(6) Amounts in Unassigned Funds (Surplus) Expected to be Recognized in the Next Fiscal Year as Components of Net Periodic Benefit Cost

Not Applicable

(7) Amounts in Unassigned Funds (Surplus) that have not yet been Recognized as Components of Net Periodic Benefit Cost

Not Applicable

(8) Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost as of December 31

	2018	2017
--	------	------

NOTES TO FINANCIAL STATEMENTS

a. Weighted-average discount rate	4.2%	3.6%
b. Expected long-term rate of return on plan assets	NA	NA
c. Rate of compensation increase	3.5%	3.5%
Weighted-average assumptions used to determine projected benefit obligations as of December 31		
d. Weighted-average discount rate	4.2%	3.6%
e. Rate of compensation increase	3.5%	3.5%

(9) Accumulated Benefit Obligation for Defined Benefit Pension Plans

Not Applicable

(10) For Postretirement Benefits Other Than Pensions, the Assumed Health Care Cost Trend Rate(s)

4.5%

(11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage point change in assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
a. Effect on total of service and interest cost components	\$ (416,000)	\$ 387,000
b. Effect on postretirement benefit obligation	\$ (9,634,000)	\$ 9,146,000

(12) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the year indicated:

Year(s)	Amount
a. 2019	\$ 5,466,000
b. 2020	\$ 5,810,000
c. 2021	\$ 6,170,000
d. 2022	\$ 6,455,000
e. 2023	\$ 6,895,000
f. 2024 through 2028	\$ 39,159,000

(13) Estimate of Contributions Expected to be Paid to the Plan

5,466,000

(14) Amounts and Types of Securities Included in Plan Assets

Not Applicable

(15) Alternative Method Used to Amortize Prior Service Amounts or Net Gains and Losses

Not Applicable

(16) Substantive Comment Used to Account for Benefit Obligation

Not Applicable

(17) Cost of Providing Special or Contractual Termination Benefits Recognized

Not Applicable

(18) Significant Change in the Benefit Obligation or Plan Assets

Not Applicable

(19) Amount and Time Plan Assets Expected to be Returned

Not Applicable

NOTES TO FINANCIAL STATEMENTS

(20) Accumulated Postretirement and Pension Benefit Obligation and Fair Value of Plan Assets for Defined Postretirement and Pension Benefit

	Postretirement	Pension Benefit
Accumulated Pension Benefit Obligation	139,522,000	0
Fair Value of Plan Assets	0	0

(21) Full Transition Surplus Impact of SSAP 102

Not Applicable

B. Investment Policies and Strategies

Not Applicable - Unfunded Plan

C. Fair Value of Plan Assets

Not Applicable - Unfunded Plan

D. Basis Used to Determine Expected Long-Term Rate-of-Return

Not Applicable - Unfunded Plan

E. Defined Contribution Plans

The Company offers an optional 401(k) plan to all eligible employees. The employee has the option of deferring up to 50% of his or her salary. The Company matches the amount deferred by the employee based upon years of service from a minimum of 50% to a maximum of 100% of a 6% contribution.

Effective July 1, 1998 the plan was amended to establish a non-contributory, defined contribution portion of the plan known as 401(k) Plu\$. Employees are not required to participate in the original defined contribution plan in order to receive benefits under the 401(k) Plu\$ portion of the plan. Under the 401(k) Plu\$ the Company makes a minimum contribution of 2% of the eligible compensation of all eligible employees. The determination of the percentage to be used in calculating the contribution is based upon annually established net income targets. At no time will the contribution be less than 2%. For 2018, 8% has been used to calculate the Company's contribution of \$15,968,122.

F. Multi-employer Plans

The Company does not participate in mutli-employer plans.

G. Consolidated/Holding Company Plans

Not Applicable

H. Postemployment Benefits and Compensated Absences

The Company does not offer a postretirement benefit plan.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

Not Applicable

Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

- 1) As of December 31, 2018, the Company had no common capital shares authorized, issued or outstanding.
- 2) The Company has no preferred stock outstanding.
- 3) The Company has no dividend restrictions.
- 4) As a Mutual Insurer, the Company can only pay dividends on participating polices and the Company does not issue participating polices.
- 5) The Portion of the Reporting Entity's Profits that my be Paid as Ordinary Dividends to Stockholders
- Not Applicable
- 6) The Company had no restrictions on its unassigned surplus.

NOTES TO FINANCIAL STATEMENTS

- 7) The Company does not have any advances to surplus.
- 8) The Total Amount of Stock Held by the Reporting Entity, Including Stock of Affiliated Entities, for Special Purposed Such as:  
  
Not Applicable
- 9) The Company has no special surplus funds.
- 10) The Portion of Unassigned Funds (Surplus) Represented or Reduced by Cumulative Unrealized Gains and Losses is \$21,341,598 gain.
- 11) The Company has no Surplus Notes as of December 31, 2018.
- 12) The Company was not involved in a quasi-reorganization.
- 13) The Effective Date of a Quasi-Reorganization for a Period of Ten Years Following the Reorganization  
  
Not applicable

Note 14 – Liabilities, Contingencies and Assessments

- A. Contingent Commitments  
  
None
- B. Assessments  
  
None
- C. Gain Contingencies  
  
None
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - Total SSAP 97 and SSAP 48 Contingent Liabilities  
  
None
- E. Joint and Several Liabilities  
  
None
- F. All Other Contingencies  
  
The Company, along with the Blue Cross and Blue Shield Association and 35 other independent "Blue" licensee companies, is defending a collection of antitrust lawsuits that is currently consolidated as one action in the U.S. District Court for the Northern District of Alabama in Birmingham, known as "MDL 2406". While the Company does not believe that any of the allegations of these lawsuits have merit because the Company has not conspired (as alleged in the lawsuit) to suppress competition in any manner, the Company nevertheless believes it prudent from a financial management perspective to establish reserves against any contingencies related to these lawsuits, particularly since antitrust litigation can be extremely expensive, unpredictable and take many years to resolve.

Note 15 – Leases

- A. Lessee Operating Lease

(1) Lessee's Leasing Arrangements

a. Rental Expense  
  
The Company leases office equipment and space under various noncancelable operating lease agreements that expire through January 2024. Rental expense for 2018, and 2017 was approximately \$8,071,154 and \$7,495,592.

b. Basis on Which Contingent Rental Payments are Determined  
  
Not Applicable

c. Existence and Terms of Renewal or Purchase Options and Escalation Clauses  
  
Not Applicable

d. Restrictions Imposed by Lease Agreements  
  
Not Applicable

NOTES TO FINANCIAL STATEMENTS

e. Identification of Lease Agreements that have been Terminated Early

Not Applicable

(2) Leases with Initial or Remaining Noncancelable Lease Terms in Excess of One Year

a. At December 31, 2018 the minimum aggregate rental commitments are as follows:

Year Ending December 31	Operating Leases
1. 2019	\$ 9,821,553
2. 2020	\$ 6,559,580
3. 2021	\$ 5,020,057
4. 2022	\$ 1,795,344
5. 2023	\$ 1,533,024
6. Total	\$ 24,729,558

b. Total of Minimum Rentals to be Received in the Future under Noncancelable Subleases

Not Applicable

(3) For Sale-Leaseback Transactions

Not Applicable

B. Lessor Leases

Not Applicable

Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

1. The table below summarizes the face amount of the Company's financial instruments with off-balance sheet risk:

Not Applicable

2. Nature and Terms of Off-Balance Sheet Risk

Not Applicable

3. Amount of Loss if any Party to the Financial Instrument Failed

Not Applicable

4. Collateral or Other Security Required to Support Financial Instrument

Not Applicable

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales

Not Applicable

B. Transfer and Servicing of Financial Assets

Not Applicable

C. Wash Sales

Not Applicable

NOTES TO FINANCIAL STATEMENTS

Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans

The gain from operations from Administrative Services Only (ASO) uninsured plans and he uninsured portion of partially insured plans was as follows during 2018:

	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$ (2,437,355)	\$	\$ (2,437,355)
b. Total net other income or expenses (including interest paid to or received from plans)			
c. Net gain or (loss) from operations	(2,437,355)		(2,437,355)
d. Total claim payment volume	\$ 224,249,234	\$	\$ 224,249,234

B. ASC Plans

The gain from operations from Administrative Services Contract (ASC) uninsured plans and he uninsured portion of partially insured plans was as follows during 2018:

	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a. Gross reimbursement for medical cost incurred	\$ 3,229,470,846	\$	\$ 3,229,470,846
b. Gross administrative fees accrued	256,504,884		256,504,884
c. Other income or expenses (including interest paid to or received from plans)	(348,752)		(348,752)
d. Gross expenses incurred (claims and administrative)	3,460,468,389		3,460,468,389
e. Total net gain or loss from operations	\$ 25,158,589	\$	\$ 25,158,589

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

Not Applicable

Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company does not currently have direct premium written/produced by managing general agents/third party administrators.

Note 20 – Fair Value Measurements

- A. Fair Value Measurements  
(1) Fair Value Measurements at Reporting Date

Description for Each Type of Asset or Liability	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
Assets at Fair Value					
Other Invested Assets	\$	\$	\$	\$ 101,296,192	\$ 101,296,192
Bonds	\$	\$	\$	\$	\$
Industrial and Misc	\$	\$ 614,669	\$	\$	\$ 614,669
Common Stock	\$	\$	\$	\$	\$
Industrial and Misc	\$ 43,753,849	\$ 8,397,372	\$	\$	\$ 52,151,221
Mutual Fund	\$	\$	\$	\$	\$
Parent, Subsidiaries and Affiliates	\$	\$	\$ 169,735,848	\$	\$ 169,735,848
Total	\$ 43,753,849	\$ 9,012,041	\$ 169,735,848	\$ 101,296,192	\$ 323,797,929
Liabilities at Fair Value					
	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$

NOTES TO FINANCIAL STATEMENTS

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

Description	Beginning Balance at 1/1/2018	Transfer s Into Level 3	Transfers Out of Level 3	Total Gains and (Losses) Included in Net Income	Total Gains and (Losses) Included in Surplus	Purchase s	Issuance s	Sales	Settle- ments	Ending Balance at 12/31/2018
a. Assets										
Parent, Subsidiaries and Affiliates	\$167,411,928	\$	\$	\$	\$2,323,920	\$	\$	\$	\$	\$169,735,848
Total	\$167,411,928	\$	\$	\$	\$2,323,920	\$	\$	\$	\$	\$169,735,848
b. Liabilities										
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

(3) Policies when Transfers Between Levels are Recognized

Not Applicable

(4) Description of Valuation Techniques and Inputs Used in Fair Value Measurement

Fair Value pricing obtained, where applicable from market prices provided by US Bank, Institutional Trust and Custody, custodian for investment assets, or where applicable, from the NAIC Valuation of Securities database, for assets not priced by US Bank. There has been no change in this valuation technique.

(5) Fair Value Disclosures

Not Applicable

B. Fair Value Reporting under SSAP 100 and Other Accounting Pronouncements

Not Applicable

C. Fair Value Level

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Other Invested Assets	\$101,296,192	\$	\$	\$	\$	\$101,296,192	\$
Bonds	\$ 45,231,444	\$ 45,231,444	\$	\$ 614,669	\$	\$	\$
Common Stock	\$221,887,069	\$221,887,069	\$ 43,753,849	\$ 8,397,372	\$169,735,848	\$	\$

D. If it is not practicable for an entity to estimate the fair value of a financial instrument or a class of financial instruments, disclose the information pertinent to estimating the fair value of that instrument and the reasons why it is not practicable to estimate fair value:

Not Applicable

E. NAV Practical Expedient Investments

1. The NAV along with a description of the investment/investment strategy of the investee:

Martingale Investment Trust – Series 1 Low Volatility Large Cap+

This strategy seeks to meet or exceed equity market returns while realizing significantly less volatility. This investment focuses on identifying and investing in low risk companies with sound fundamental properties. The portfolio is considered to be a low risk portfolio with broad, stable sector diversification. The fund contains 231 individual holdings at 12/31/2018 with the top 10% of all holdings representing 12.0% of all fund holdings. Overall, the risk target of this portfolio is to perform with 70%-80% of the overall market volatility of the Russell 1000 Index.

NOTES TO FINANCIAL STATEMENTS

The fund if able to be liquidated on a monthly basis. Because the underlying portfolio contains assets that are part of the Russell 1000 Index, it is very probable that the fund would not liquidate at the NAV of a prior month. It is possible the fund could be liquidated at a higher or lower price depending on overall market actions.

Barings U.S. Loan Fund Series – Tranche A

This Barings investment process is a focused and detailed fundamental bottom-up due diligence. The firm's investment philosophy is based on the belief that long-term, risk-adjusted returns can best be achieved through active portfolio management coupled with strong fundamental credit underwriting with the goal of minimizing principal losses. The firm takes a credit-intensive approach when selecting assets that seeks to determine where favorable value exists within companies on a relative basis to other investment alternatives.

The average number of loans in the portfolio is 214 at the end of 2018, with 13.6% in the top ten holdings. The portfolio is well diversified, as only two sectors contain more than 10% of all holdings. Average annualized default since inception is 0.50%, while the historical average is 2.96%.

The fund has daily liquidity but a 30 calendar day prior to withdraw notice is necessary. As of 12/31/18, there are \$1.3 Billion assets in the Commingled Fund.

2. If the investment can never be redeemed with the investees, but the reporting entity receives distributions through the liquidation of the underlying assets of the investees, the reporting entity's estimate of the period of time over which the underlying assets are expected to be liquidated by the investees.

Not Applicable - the investments can be redeemed on a monthly basis

3. The amount of the reporting entity's unfunded commitments related to investments in the class.

Not Applicable - there is no required capital commitment for the investments in Martingale or Barings

4. A general description of the terms and conditions upon which the investor may redeem the investment.

Redemption of share of either holding are processed on a monthly basis at prevailing market NAV

5. The circumstances in which an otherwise redeemable investment in the class (or a portion thereof) might not be redeemable (for example, investments subject to a lockup or gate).

Not Applicable

6. Any other significant restriction on the ability to see investments in the class at the measurement date.

Not applicalbe - (There are no restrictions to viewing the investments of the Martingale Investment Trust – Series 1 Low Volatility Large Cap+ or the Barings U.S. Loan Fund Series – Tranche A. The holdings are provided to the Investor in each of the fund's annual reports, and can be requested at aany month end closing.)

7. If a group of investments would otherwise meet the criteria in SSAP No. 100R—Fair Value but the individual investments to be sold have not been identified

Not Applicable (The investor has not made a decision to redeem shares of the Martingale Investment Trust – Series 1 Low Volatility Large Cap+ or the Barings U.S. Loan Fund Series – Tranche A at this time.)

Note 21 – Other Items

A. Unusual or Infrequent Items

The Company had no unusual or infrequent items.

B. Troubled Debt Restructuring Debtors

The Company had no troubled debt restructuring as of December 31, 2018.

C. Other Disclosures

The Company did not have any other disclosures items.

D. Business Interruption Insurance Recoveries

The Company has no business interruption insurance recoveries.

E. State Transferable and Non-Transferable Tax Credits

The Company has no state transferable tax credits

**NOTES TO FINANCIAL STATEMENTS**

F. Subprime Mortgage Related Risk Exposure

(1) Description of the Subprime-Mortgage-Related Risk Exposure and Related Risk Management Practices

The Company does not engage in sub-prime residential mortgage lending. The Company holds direct investments in collateralized debt obligations that are backed by subprime mortgages. The Company's exposure to subprime lending is limited by its investment guidelines.

The book adjusted carrying value of the Company's investment in enterprises that engage in residential mortgage lending accumulates to \$713,601. This represents 0.10% of the Company's long-term bond holdings of \$685,403,413. Actual cost is \$713,252, fair value, \$716,638.

(2) Direct Exposure Through Investments in Subprime Mortgage Loans

The Company has direct exposure through investments described in the response to question #1.

(3) Direct Exposure Through Other Investments

The Company has no material direct exposure through other investments.

(4) Underwriting Exposure to Subprime Mortgage Risk Through Mortgage Guaranty or Financial Guaranty Insurance Coverage

The Company has no underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty Insurance Coverage.

G. Retained Assets

The Company has no retained assets

H. Insurance-Linked Securities (ILS) Contracts

The Company has no insurance-linked securities (ILS) contracts.

**Note 22 – Events Subsequent**

On Jan. 1, 2019, the Company will not be subject to an annual fee under section 9010 of the Federal Affordable Care Act (ACA). Enacted on January 22, 2018, along with continuing resolution legislation, H.R. 195, Division D – Suspension of Certain Health-Related Taxes, § 4003, suspends collection of the fee for the 2019 calendar year only. Thus, health insurance issuers are not required to pay these fees for 2019.

Subsequent events have been considered through 12/31/2018 for these statutory financial statements which are to be issued on 02/28/2019.

A.	Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?		Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
		2018	2017	
B.	ACA fee assessment payable for the upcoming year	\$		\$ 40,900,000
C.	ACA fee assessment paid	\$	43,550,749	\$
D.	Premium written subject to ACA 9010 assessment	\$		\$ 2,205,259,289
E.	Total adjusted capital before surplus adjustment (Five-Year Historical Line 14)	\$	830,545,432	
F.	Total adjusted capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$	830,545,432	
G.	Authorized control level (Five-Year Historical Line 15)	\$	104,849,670	
H.	Would reporting the ACA assessment as of December 31, 2018 have triggered an RBC action level (YES/NO)?		Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

**Note 23 – Reinsurance**

A. Ceded Reinsurance Report

**Section1 – General Interrogatories**

(1) Are any of the reinsurers listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company? Yes ☐ No ☒  
If yes, give full details.

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business? Yes ☐ No ☒  
If yes, give full details.

**Section 2 – Ceded Reinsurance Report – Part A**

NOTES TO FINANCIAL STATEMENTS

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits? Yes [ ] No [ x ]
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? Yes [ ] No [ x ]

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. **\$ -0-**
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement? Yes [ ] No [ x ]

- B. The Company did not have any uncollectible reinsurance written off during the year.
- C. There was not commutation of ceded reinsurance during the year.
- D. There were no certified reinsurer rating downgraded or status subject to revocation during the year.

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. Method Used to Estimate Accrued Retrospective Premium Adjustments
- B. Retrospective Premiums Recorded Through Written Premium or Adjustment to Earned Premium
- C. Amount and Percentage of Net Premiums Written Subject to Retrospective Rating Features
- D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act

	1	2	3	4	5
	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred	\$	\$	\$	\$ 2,675,253	\$ 2,675,253
(2) Medical loss ratio rebates paid	\$	\$	\$	\$	\$
(3) Medical loss ratio rebates unpaid	\$	\$	\$	\$ 2,675,253	\$ 2,675,253
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	\$ 113,187
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	\$
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$ 2,788,440
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred	\$	\$	\$	\$ (227,038)	\$ (227,038)
(8) Medical loss ratio rebates paid	\$	\$	\$	\$ 607,794	\$ 607,794
(9) Medical loss ratio rebates unpaid	\$	\$	\$	\$ 1,840,421	\$ 1,840,421
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	\$ 329,301
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	\$
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$ 2,169,722

- E. Risk Sharing Provisions of the Affordable Care Act

- (1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions Yes [ X ] No [ ]

(2) Impact of Risk Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year:

a. Permanent ACA Risk Adjustment Program	AMOUNT
Assets	
1. Premium adjustments receivable due to ACA Risk Adjustment (including high risk pool payments)	\$ 4,765,569
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment	\$
3. Premium adjustments payable due to ACA Risk Adjustment (including high risk pool premium)	\$ 4,477,566
Operations (Revenue & Expenses)	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$ 2,285,962

NOTES TO FINANCIAL STATEMENTS

a. Permanent ACA Risk Adjustment Program		AMOUNT
5.	Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	\$ 334,380

b. Transitional ACA Reinsurance Program		AMOUNT
Assets		
1.	Amounts recoverable for claims paid due to ACA Reinsurance	\$ 211,218
2.	Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability)	\$
3.	Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	\$
Liabilities		
4.	Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	\$
5.	Ceded reinsurance premiums payable due to ACA Reinsurance	\$
6.	Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	\$
Operations (Revenue & Expenses)		
7.	Ceded reinsurance premiums due to ACA Reinsurance	\$
8.	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	\$ 31,036
9.	ACA Reinsurance contributions – not reported as ceded premium	\$

c. Temporary ACA Risk Corridors Program		AMOUNT
Assets		
1.	Accrued retrospective premium due to ACA Risk Corridors	\$
Liabilities		
2.	Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	\$
Operations (Revenue & Expenses)		
3.	Effect of ACA Risk Corridors on net premium income (paid/received)	\$
4.	Effect of ACA Risk Corridors on change in reserves for rate credits	\$

(3) Roll forward of prior year ACA Risk Sharing Provisions for the following asset (gross of any nonadmission) and liability balances along with the reasons for adjustments to prior year balance:

	Accrued During the Prior Year on Business Written Before Dec. 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec. 31 of the Prior Year		Differences		Adjustments		Ref	Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col. 1-3)	Prior Year Accrued Less Payments (Col. 2-4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col. 1-3+7)	Cumulative Balance from Prior Years (Col. 2-4+8)
	1 Receivable	2 (Payable)	3 Receivable	4 (Payable)	5 Receivable	6 (Payable)	7 Receivable	8 (Payable)		9 Receivable	10 (Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable (including high risk pool payments)	\$ 27,426,558	\$ 55,929	\$ 19,792,735	\$ 60,911	\$ 7,633,823	\$ (4,982)	\$ 4,982	\$ 7,294,693	A	\$ 7,638,805	\$ 7,289,711
2. Premium adjustments payable (including high risk pool premium)									B		
3. Subtotal ACA Permanent Risk Adjustment Program	\$ 27,426,558	\$ 55,929	\$ 19,792,735	\$ 60,911	\$ 7,633,823	\$ (4,982)	\$ 4,982	\$ 7,294,693		\$ 7,638,805	\$ 7,289,711
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	\$ 6,273,000	\$	\$ 6,092,818	\$	\$ 180,182	\$	\$ 31,036	\$	C	\$ 211,218	\$
2. Amounts recoverable for claims unpaid (contra liability)									D		
3. Amounts receivable relating to uninsured plans									E		
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premiums									F		
5. Ceded reinsurance premiums payable									G		
6. Liability for amounts held under uninsured plans									H		
7. Subtotal ACA Transitional Reinsurance Program	\$ 6,273,000	\$	\$ 6,092,818	\$	\$ 180,182	\$	\$ 31,036	\$		\$ 211,218	\$
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	I	\$	\$

NOTES TO FINANCIAL STATEMENTS

	Accrued During the Prior Year on Business Written Before Dec. 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec. 31 of the Prior Year		Differences		Adjustments		Ref	Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col. 1-3)	Prior Year Accrued Less Payments (Col. 2-4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col. 1-3+7)	Cumulative Balance from Prior Years (Col. 2-4+8)
	1	2	3	4	5	6	7	8		0	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
2. Reserve for rate credits or policy experience rating refunds									J		
3. Subtotal ACA Risk Corridors Program	\$	\$	\$	\$	\$	\$	\$	\$		\$	\$
d. Total for ACA Risk Sharing Provisions	\$ 33,699,558	\$ 55,929	\$ 25,885,553	\$ 60,911	\$ 7,814,005	\$ (4,982)	\$ 36,018	\$ 7,294,693		\$ 7,850,023	\$ 7,289,711

- Explanations of Adjustments
- A. Adjustment for 2017 actual
- B.
- C. Adjustment for 2017 actual
- D.
- E.
- F.
- G.
- H.
- I.
- J.

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year

	Accrued the Prior Year Written Dec. 31 of the	During on Business Before Prior Year	Received or Paid as of the Current Year on Business Written Before Dec. 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col. 1-3)	Prior Year Accrued Less Payments (Col. 2-4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col. 1-3+7)	Cumulative Balance from Prior Years (Col. 2-4+8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a. 2014											
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	A	\$	\$
2. Reserve for rate credits for policy experience rating refunds	\$	\$	\$	\$	\$	\$	\$	\$	B	\$	\$
b. 2015											
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	C	\$	\$
2. Reserve for rate credits for policy experience rating refunds	\$	\$	\$	\$	\$	\$	\$	\$	D	\$	\$
c. 2018											
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	E	\$	\$
2. Reserve for rate credits or policy experience rating refunds	\$	\$	\$	\$	\$	\$	\$	\$	F	\$	\$
d. Total for Risk Corridors	\$	\$	\$	\$	\$	\$	\$	\$		\$	\$

- A.
- B.
- C.
- D.
- E.
- F.

(5) ACA Risk Corridors Receivable as of Reporting Date

Risk Corridors Program Year	1	2	3	4	5	5
	Estimated Amount to be Filed or Final Amount Filed with CMS	Non-Accrued Amounts for Impairment or Other Reasons	Amounts Received from CMS	Asset Balance (Gross of Non-Admissions) (1-2-3)	Non-Admitted Amount	Net Admitted Asset (4-5)
a. 2014	\$	\$	\$	\$	\$	\$
b. 2015	15,919,592	15,919,592				
c. 2016	19,020,408	19,020,408				
d. Total (a+b+c)	\$ 34,940,000	\$ 34,940,000	\$	\$	\$	\$

NOTES TO FINANCIAL STATEMENTS

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

12/31/2017 Reserves	\$ 225,461,259	(includes Due and Unpaid)
2017 Claims paid in 2018	(168,202,304)	
2017 Claims Due and Unpaid	<u>( 50,574,032)</u>	
Adjusted Net Reserves	\$ 6,684,923	
2017 Remaining Reserves @ 12/31/18	<u>1,748,108</u>	
Favorable Development	<u>\$ 4,936,815</u>	

Note 26 – Intercompany Pooling Arrangements

- A.

Identification of the Lead Entity and all Affiliated Entities Participating in the Intercompany Pool

Not Applicable
- B.

Description of Lines and Types of Business Subject to the Pooling Agreement

Not Applicable
- C.

Description of Cessions to Non-Affiliated Reinsurance Subject to Pooling Agreement

Not Applicable
- D.

Identification of all Pool Members that are Parties to Reinsurance Agreements with Non-Affiliated Reinsurers

Not Applicable
- E.

Explanation of Discrepancies Between Entries of Pooled Business

Not Applicable
- F.

Description of Intercompany Sharing

Not Applicable
- G.

Amounts Due To/From Lead Entity and all Affiliated Entities Participating in the Intercompany Pool

Not Applicable

Note 27 – Structured Settlements

Not Applicable

Note 28 – Health Care Receivables

- A.

Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More than 180 Days After Billing
12/31/2018	\$ 22,272,587	\$ -	\$ -	\$ -	\$ -
09/30/2018	\$ 21,921,113	\$ 22,005,168	\$ 17,099,348	\$ -	\$ -
06/30/2018	\$ 20,233,020	\$ 21,942,312	\$ 16,625,455	\$ 6,295,599	\$ -
03/31/2018	\$ 19,992,215	\$ 20,445,915	\$ 16,282,897	\$ 6,166,496	\$ 3,616
	\$	\$	\$	\$	\$
12/31/2017	\$ 19,524,983	\$ 20,138,383	\$ 7,644,021	\$ 5,709,128	\$ 7,144,956
09/30/2017	\$ 17,436,720	\$ 17,658,648	\$ 13,311,959	\$ 5,601,766	\$ 7,505,297
06/30/2017	\$ 16,528,861	\$ 17,436,720	\$ 6,495,496	\$ 15,337,876	\$ 7,244,661
03/31/2017	\$ 16,013,406	\$ 16,528,861	\$ 15,722,867	\$ 3,931,115	\$ 9,602,661
	\$	\$	\$	\$	\$
12/31/2016	\$ 15,688,909	\$ 16,013,406	\$ 17,293,350	\$ 3,693,340	\$ 7,960,806
09/30/2016	\$ 14,728,098	\$ 15,688,909	\$ 15,334,186	\$ 7,938,056	\$ 4,207,417
06/30/2016	\$ 13,524,921	\$ 14,728,098	\$ 14,936,232	\$ 7,214,772	\$ 4,091,358
03/31/2016	\$ 13,767,900	\$ 13,524,921	\$ 15,130,542	\$ 7,515,348	\$ 3,622,636

NOTES TO FINANCIAL STATEMENTS

B. Risk Sharing Receivables

The Company has no risk sharing receivables as of December 31, 2018.

Note 29 – Participating Policies

The Company has no participating contracts.

Note 30 – Premium Deficiency Reserves

The Company did not have any premium deficiency reserves as of December 31, 2018.

Note 31  
– Anticipated Salvage and Subrogation

Anticipated Salvage and Subrogation included as a reduction to Loss Reserves and Loss Adjustment Reserves as reported in the Underwriting and Investment Exhibit and Page 3 – Liabilities, Capital and Surplus, Line1. This disclosure is presented by annual statement line of business. Amounts presented are as of December 31 of the prior year and December 31 of the year for which this annual statement is being filed.

Line of Business	Year Incurred	December 31 2018	December 31 2017
Accident and Health	2014	\$ 390	\$ 7,821
	2015	\$ (8,838)	\$ 36,556
	2016	\$ 20,067	\$ 597,891
	2017	\$ 152,147	\$ 2,200,098
	2018	\$ 181,437	
	Total	\$ 345,202	\$ 2,842,366

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?  
If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes [ X ]    No [   ]

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [ X ]    No [   ]    N/A [   ]

1.3

State regulating?    ARKANSAS

1.4

Is the reporting entity publicly traded or a member of publicly traded group?

Yes [   ]    No [ X ]

1.5

If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [   ]    No [ X ]

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2015

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2015

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

04/28/2017

3.4

By what department or departments?  
Arkansas Insurance Department

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes [   ]    No [   ]    N/A [ X ]

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [ X ]    No [   ]    N/A [   ]

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes [   ]    No [ X ]

4.12

renewals?

Yes [   ]    No [ X ]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes [   ]    No [ X ]

4.22

renewals?

Yes [   ]    No [ X ]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?  
If the answer is YES, complete and file the merger history data file with the NAIC.

Yes [   ]    No [ X ]

5.2

If yes, provide the name of entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [   ]    No [ X ]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [   ]    No [ X ]

7.2

If yes,

7.21

State the percentage of foreign control

%

7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1	2
Nationality	Type of Entity

8.1

Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board?

Yes [   ]    No [ X ]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [   ]    No [ X ]

8.4

If the response to 8.3 is yes, please provide below the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
BKD, LLP Little Rock, Arkansas

10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [   ]    No [ X ]

10.2

If the response to 10.1 is yes, provide information related to this exemption:

10.3

Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes [   ]    No [ X ]

10.4

If the response to 10.3 is yes, provide information related to this exemption:

10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes [ X ]    No [   ]    N/A [   ]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 10.6If the response to 10.5 is no or n/a, please explain:
- 11.What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Victor P. Davis, Vice President - Actuarial Services & Chief Actuary, Arkansas Blue Cross Blue Shield 601 Gaines Street, Little Rock, AR 72201
- 12.1Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [ ]No [X]

12.11Name of real estate holding company

12.12Number of parcels involved0

12.13Total book/adjusted carrying value\$0
- 12.2If yes, provide explanation
- 13.FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?Yes [ ]No [ ]
- 13.3Have there been any changes made to any of the trust indentures during the year?Yes [ ]No [ ]
- 13.4If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?Yes [ ]No [ ]N/A [ ]
- 14.1Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [X]No [ ]

(a)Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b)Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c)Compliance with applicable governmental laws, rules and regulations;

(d)The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e)Accountability for adherence to the code.
- 14.11If the response to 14.1 is no, please explain:
- 14.2Has the code of ethics for senior managers been amended?Yes [ ]No [X]
- 14.21If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3Have any provisions of the code of ethics been waived for any of the specified officers?Yes [ ]No [X]
- 14.31If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?Yes [ ]No [X]
- 15.2If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount
			\$

BOARD OF DIRECTORS

- 16.Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof?Yes [X]No [ ]
- 17.Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?Yes [X]No [ ]
- 18.Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?Yes [X]No [ ]

FINANCIAL

- 19.Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?Yes [ ]No [X]
- 20.1Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11To directors or other officers\$0

20.12To stockholders not officers\$0

20.13Trustees, supreme or grand (Fraternal only)\$0
- 20.2Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21To directors or other officers\$0

20.22To stockholders not officers0

20.23Trustees, supreme or grand (Fraternal only)0
- 21.1Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement?Yes [ ]No [X]
- 21.2If yes, state the amount thereof at December 31 of the current year:

21.21Rented from others\$0

21.22Borrowed from others\$0

21.23Leased from others\$0

21.24Other\$0
- 22.1Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?Yes [X]No [ ]
- 22.2If answer is yes:

22.21Amount paid as losses or risk adjustment\$(19,792,735)

22.22Amount paid as expenses\$0

22.23Other amounts paid\$0
- 23.1Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?Yes [X]No [ ]
- 23.2If yes, indicate any amounts receivable from parent included in the Page 2 amount:\$0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

INVESTMENT

24.01

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)?

Yes ☒ No ☐

24.02

If no, give full and complete information, relating thereto:

24.03

For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).

24.04

Does the company's security lending program meet the requirements for a conforming program as outlined in the *Risk-Based Capital Instructions*?

Yes ☐ No ☐ N/A ☒

24.05

If answer to 24.04 is yes, report amount of collateral for conforming programs.

\$0

24.06

If answer to 24.04 is no, report amount of collateral for other programs

\$0

24.07

Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes ☐ No ☐ N/A ☒

24.08

Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes ☐ No ☐ N/A ☒

24.09.

Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes ☐ No ☐ N/A ☒

24.10

For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101

Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:

\$0

24.102

Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:

\$0

24.103

Total payable for securities lending reported on the liability page:

\$0

25.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.)

Yes ☒ No ☐

25.2

If yes, state the amount thereof at December 31 of the current year:

25.21

Subject to repurchase agreements

\$0

25.22

Subject to reverse repurchase agreements

\$0

25.23

Subject to dollar repurchase agreements

\$0

25.24

Subject to reverse dollar repurchase agreements

\$0

25.25

Placed under option agreements

\$0

25.26

Letter stock or securities restricted as sale – excluding FHLB Capital Stock

\$0

25.27

FHLB Capital Stock

\$0

25.28

On deposit with states

\$149,817

25.29

On deposit with other regulatory bodies

\$0

25.30

Pledged as collateral – excluding collateral pledged to an FHLB

\$32,000,000

25.31

Pledged as collateral to FHLB – including assets backing funding agreements

\$0

25.32

Other

\$106,500

25.3

For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		\$

26.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes ☐ No ☒

26.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  
If no, attach a description with this statement.

Yes ☐ No ☐ N/A ☒

27.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes ☐ No ☒

27.2

If yes, state the amount thereof at December 31 of the current year:

\$0

28.

Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes ☒ No ☐

28.01

For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
US Bank Institutional Trust & Custody	PO Box 387, St. Louis, MO 61366-0387

28.02

For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

28.03

Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes ☐ No ☒

28.04

If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

28.05

Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts", "... handle securities"].

1 Name of Firm or Individual	2 Affiliation
Foundation Resource Management	U
Wells Capital Management Inc.	U

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

Gray D. Dillard	I
Martingale Asset Management, LP	U
Barings, LLC	U
Pacific Investment Management Company LLC	U

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes [X] No [ ]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [X] No [ ]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1	2	3	4	5
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	Investment Management Agreement (IMA) Filed
116359	Foundation Resource Management	N/A	SEC	NO
104973	Wells Capital Management Inc.	54300B3H2IOO2L85190	SEC	NO
106006	Barings, LLC	ANDKRHQKPRRG4Q2KLR05	SEC, CFTC, NFA	NO
108526	Martingale Asset Management, LP	549300GXM5ZGZJXZ1Y74	SEC	NO
104559	Pacific Investment Management Company LLC	549300KGPYQZXGMYYN38	SEC	NO

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [ ] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
		\$
29.2999 TOTAL		\$

29.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
		\$	

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

		1	2	3
		Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	\$ 800,563,263	\$ 794,766,911	\$ (5,796,352)
30.2	Preferred Stocks	\$ 0	\$ 0	\$ 0
30.3	Totals	\$ 800,563,263	\$ 794,766,911	\$ (5,796,352)

30.4 Describe the sources or methods utilized in determining the fair values:

Fair value pricing obtained, where applicable from market prices provided by US Bank, Institutional Trust and Custody, custodian for investment assets, or where applicable, from the NAIC Valuation of Securities database, for assets not priced by US Bank.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No [ ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No [ ]

32.2 If no, list exceptions:

33. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designation 5GI security:

a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.

b. Issuer or obligor is current on all contracted interest and principal payments.

c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5GI securities? Yes [ ] No [X]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

a. The security was purchased prior to January 1, 2018.

b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.

c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.

d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities? Yes [ ] No [X]

OTHER

35.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 3,197,756

35.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

	1 Name	2 Amount Paid
	Blue Cross Blue Shield Association	\$ 2,430,346
36.1	Amount of payments for legal expenses, if any?	\$ 1,261,634
36.2	List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.	
	1 Name	2 Amount Paid
	Foley & Lardner LLP	\$ 603,182
37.1	Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?	\$ 543,574
37.2	List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.	
	1 Name	2 Amount Paid
	Blue Cross Blue Shield Associaiton	\$ 236,949

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes [ X ]	No [ ]
1.2	If yes, indicate premium earned on U.S. business only.	\$	261,672,641
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$	0
1.31	Reason for excluding:		
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$	0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$	210,741,240
1.6	Individual policies:		
	Most current three years:		
1.61	Total premium earned	\$	39,007,647
1.62	Total incurred claims	\$	31,029,923
1.63	Number of covered lives		25,951
	All years prior to most current three years:		
1.64	Total premium earned	\$	222,664,994
1.65	Total incurred claims	\$	179,711,317
1.66	Number of covered lives		92,248
1.7	Group policies:		
	Most current three years:		
1.71	Total premium earned	\$	0
1.72	Total incurred claims	\$	0
1.73	Number of covered lives		0
	All years prior to most current three years:		
1.74	Total premium earned	\$	0
1.75	Total incurred claims	\$	0
1.76	Number of covered lives		0
2.	Health Test:		
		1 Current Year	2 Prior Year
2.1	Premium Numerator	\$ 2,481,886,532	\$ 2,527,134,174
2.2	Premium Denominator	\$ 2,481,886,532	\$ 2,527,134,174
2.3	Premium Ratio (2.1/2.2)	100.0%	100.0%
2.4	Reserve Numerator	\$ 337,404,076	\$ 364,811,564
2.5	Reserve Denominator	\$ 339,251,436	\$ 367,495,107
2.6	Reserve Ratio (2.4/2.5)	99.5%	99.3%
3.1	Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?	Yes [ ]	No [ X ]
3.2	If yes, give particulars:		
4.1	Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?	Yes [ X ]	No [ ]
4.2	If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?	Yes [ ]	No [ X ]
5.1	Does the reporting entity have stop-loss reinsurance?	Yes [ ]	No [ X ]
5.2	If no, explain:		
5.3	Maximum retained risk (see instructions)		
5.31	Comprehensive Medical	\$	0
5.32	Medical Only	\$	0
5.33	Medicare Supplement	\$	0
5.34	Dental and Vision	\$	0
5.35	Other Limited Benefit Plan	\$	0
5.36	Other	\$	0
6.	Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:		

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [ X ]    No [   ]

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

17,077

8.2

Number of providers at end of reporting year

18,605

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [   ]    No [ X ]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees with rate guarantees between 15-36 months

\$ 0

9.22

Business with rate guarantees over 36 months

\$ 0

10.1

Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [ X ]    No [   ]

10.2

If yes:

10.21

Maximum amount payable bonuses

6,363,732

10.22

Amount actually paid for year bonuses

12,857,404

10.23

Maximum amount payable withholds

0

10.24

Amount actually paid for year withholds

0

11.1

Is the reporting entity organized as:

11.12

A Medical Group/Staff Model,

Yes [   ]    No [ X ]

11.13

An Individual Practice Association (IPA), or,

Yes [   ]    No [ X ]

11.14

A Mixed Model (combination of above)?

Yes [   ]    No [ X ]

11.2

Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

Yes [ X ]    No [   ]

11.3

If yes, show the name of the state requiring such minimum capital and surplus.  
Arkansas

11.4

If yes, show the amount required.

\$ 750,000

11.5

Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [   ]    No [ X ]

11.6

If the amount is calculated, show the calculation

12.

List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
State of Arkansas
State of Texas

13.1

Do you act as a custodian for health savings accounts?

Yes [   ]    No [ X ]

13.2

If yes, please provide the amount of custodial funds held as of the reporting date.

\$ 0

13.3

Do you act as an administrator for health savings accounts?

Yes [   ]    No [ X ]

13.4

If yes, please provide the balance of the funds administered as of the reporting date.

\$ 0

14.1

Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers?

Yes [   ]    No [ X ]    N/A [   ]

14.2

If the answer to 14.1 is yes, please provide the following:

1	2	3	4	Assets Supporting Reserve Credit		
Company Name	NAIC Company Code	Domiciliary Jurisdiction	Reserve Credit	5 Letters of Credit	6 Trust Agreements	7 Other
	0		\$	\$	\$	\$

15.

Provide the following for individual ordinary life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).

15.1

Direct Premium Written

\$ 0

15.2

Total Incurred Claims

\$ 0

15.3

Number of Covered Lives

0

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary guarantee)
Universal Life (with or without secondary guarantee)
Variable Universal Life (with or without secondary guarantee)

16.

Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states?

Yes [ X ]    No [   ]

16.1

If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity?

Yes [   ]    No [   ]

**GENERAL INTERROGATORIES**

**PART 2 – HEALTH INTERROGATORIES**

USAbile Mutual Insurance Company  
FIVE-YEAR HISTORICAL DATA

	1 2018	2 2017	3 2016	4 2015	5 2014
<b>Balance Sheet Items (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 28).....	1,747,304,961	1,664,542,460	1,623,697,386	1,579,924,693	1,580,839,043
2. Total liabilities (Page 3, Line 24).....	916,759,531	798,205,915	780,915,031	762,122,594	760,796,664
3. Statutory minimum capital and surplus requirement.....	750,000	500,000	500,000	500,000	500,000
4. Total capital and surplus (Page 3, Line 33).....	830,545,432	866,336,545	842,782,350	817,802,098	820,042,378
<b>Income Statement Items (Page 4)</b>					
5. Total revenues (Line 8).....	2,480,226,100	2,523,712,982	2,466,711,993	2,239,651,009	1,983,555,398
6. Total medical and hospital expenses (Line 18).....	2,009,095,022	2,216,931,381	2,172,445,035	1,909,694,390	1,658,377,522
7. Claims adjustment expenses (Line 20).....	97,996,875	91,513,500	89,593,220	87,397,134	106,161,287
8. Total administrative expenses (Line 21).....	388,768,746	208,983,349	243,499,179	226,645,938	167,872,733
9. Net underwriting gain (loss) (Line 24).....	(13,472,612)	7,145,304	(29,623,227)	20,622,427	55,871,787
10. Net investment gain (loss) (Line 27).....	36,447,109	24,162,696	17,488,063	8,512,007	11,572,419
11. Total other income (Lines 28 plus 29).....	2,646,386	1,308,130	2,144,219	54,711	(126,070)
12. Net income or (loss) (Line 32).....	(21,330,429)	30,666,365	(6,385,813)	4,265,332	45,991,337
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11).....	138,467,700	(6,398,134)	14,314,223	12,274,499	103,104,801
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital.....	830,545,432	866,336,545	842,782,350	817,802,098	820,042,378
15. Authorized control level risk-based capital.....	104,849,670	103,665,567	97,623,185	87,713,627	82,304,221
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7).....	618,679	665,312	667,690	646,607	626,471
17. Total member months (Column 6, Line 7).....	7,739,589	8,147,024	7,992,408	7,868,278	7,083,695
<b>Operating Percentage (Page 4)</b> <b>(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0</b>					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5).....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19). .....	81.0	87.8	88.1	85.3	83.6
20. Cost containment expenses.....	0.5	0.3	0.1	0.1	0.7
21. Other claims adjustment expenses.....	3.5	3.3	3.6	3.9	4.6
22. Total underwriting deductions (Line 23).....	100.5	99.7	101.2	99.1	97.2
23. Total underwriting gain (loss) (Line 24).....	(0.5)	0.3	(1.2)	0.9	2.8
<b>Unpaid Claims Analysis (U&amp;I Exhibit, Part 2B)</b>					
24. Total claims incurred for prior years (Line 13, Col. 5).....	173,881,265	190,239,124	165,424,003	152,601,922	104,522,360
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)] .....	229,441,942	252,867,092	215,906,819	207,562,965	126,226,771
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1).....					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1).....	169,735,848	167,411,928	158,297,966	153,302,313	185,338,953
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10).....					
30. Affiliated mortgage loans on real estate.....					
31. All other affiliated.....		94,978,028	86,068,544	79,826,804	78,818,243
32. Total of above Lines 26 to 31.....	169,735,848	262,389,956	244,366,510	233,129,117	264,157,196
33. Total investment in parent included in Lines 26 to 31 above.....					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [ ] No [ ]

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1  Active Status (a)	Direct Business Only							
		2  Accident & Health Premiums	3  Medicare Title XVIII	4  Medicaid Title XIX	5  Federal Employees Health Benefits Plan Premiums	6  Life & Annuity Premiums and Other Considerations	7  Property/ Casualty Premiums	8  Total Columns 2 Through 7	9  Deposit- Type Contracts
1. Alabama.....AL	..N							.....0	
2. Alaska.....AK	..N							.....0	
3. Arizona.....AZ	..N							.....0	
4. Arkansas.....AR	..L	2,008,121,692	...137,442,254		.....266,136,168			..2,411,700,113	
5. California.....CA	..N							.....0	
6. Colorado.....CO	..N							.....0	
7. Connecticut.....CT	..N							.....0	
8. Delaware.....DE	..N							.....0	
9. District of Columbia.....DC	..N							.....0	
10. Florida.....FL	..N							.....0	
11. Georgia.....GA	..N							.....0	
12. Hawaii.....HI	..N							.....0	
13. Idaho.....ID	..N							.....0	
14. Illinois.....IL	..N							.....0	
15. Indiana.....IN	..N							.....0	
16. Iowa.....IA	..N							.....0	
17. Kansas.....KS	..N							.....0	
18. Kentucky.....KY	..N							.....0	
19. Louisiana.....LA	..N							.....0	
20. Maine.....ME	..N							.....0	
21. Maryland.....MD	..N							.....0	
22. Massachusetts.....MA	..N							.....0	
23. Michigan.....MI	..N							.....0	
24. Minnesota.....MN	..N							.....0	
25. Mississippi.....MS	..N							.....0	
26. Missouri.....MO	..N							.....0	
27. Montana.....MT	..N							.....0	
28. Nebraska.....NE	..N							.....0	
29. Nevada.....NV	..N							.....0	
30. New Hampshire.....NH	..N							.....0	
31. New Jersey.....NJ	..N							.....0	
32. New Mexico.....NM	..N							.....0	
33. New York.....NY	..N							.....0	
34. North Carolina.....NC	..N							.....0	
35. North Dakota.....ND	..N							.....0	
36. Ohio.....OH	..N							.....0	
37. Oklahoma.....OK	..N							.....0	
38. Oregon.....OR	..N							.....0	
39. Pennsylvania.....PA	..N							.....0	
40. Rhode Island.....RI	..N							.....0	
41. South Carolina.....SC	..N							.....0	
42. South Dakota.....SD	..N							.....0	
43. Tennessee.....TN	..N							.....0	
44. Texas.....TX	..L	.....18,353,173						.....18,353,173	
45. Utah.....UT	..N							.....0	
46. Vermont.....VT	..N							.....0	
47. Virginia.....VA	..N							.....0	
48. Washington.....WA	..N							.....0	
49. West Virginia.....WV	..N							.....0	
50. Wisconsin.....WI	..N							.....0	
51. Wyoming.....WY	..N							.....0	
52. American Samoa.....AS	..N							.....0	
53. Guam.....GU	..N							.....0	
54. Puerto Rico.....PR	..N							.....0	
55. U.S. Virgin Islands.....VI	..N							.....0	
56. Northern Mariana Islands.....MP	..N							.....0	
57. Canada.....CAN	..N							.....0	
58. Aggregate Other alien.....OT	..XXX	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
59. Subtotal.....	..XXX	2,026,474,865	...137,442,254	.....0	.....266,136,168	.....0	.....0	..2,430,053,287	.....0
60. Reporting entity contributions for Employee Benefit Plans.....	..XXX							.....0	
61. Total (Direct Business).....	..XXX	2,026,474,865	...137,442,254	.....0	.....266,136,168	.....0	.....0	..2,430,053,287	.....0

DETAILS OF WRITE-INS

58001. ....								.....0	
58002. ....								.....0	
58003. ....								.....0	
58998. Summary of remaining write-ins for line 58.....		.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
58999. Total (Lines 58001 through 58003 + 58998).....		.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

Explanation of basis of allocation by states, premiums by state, etc.

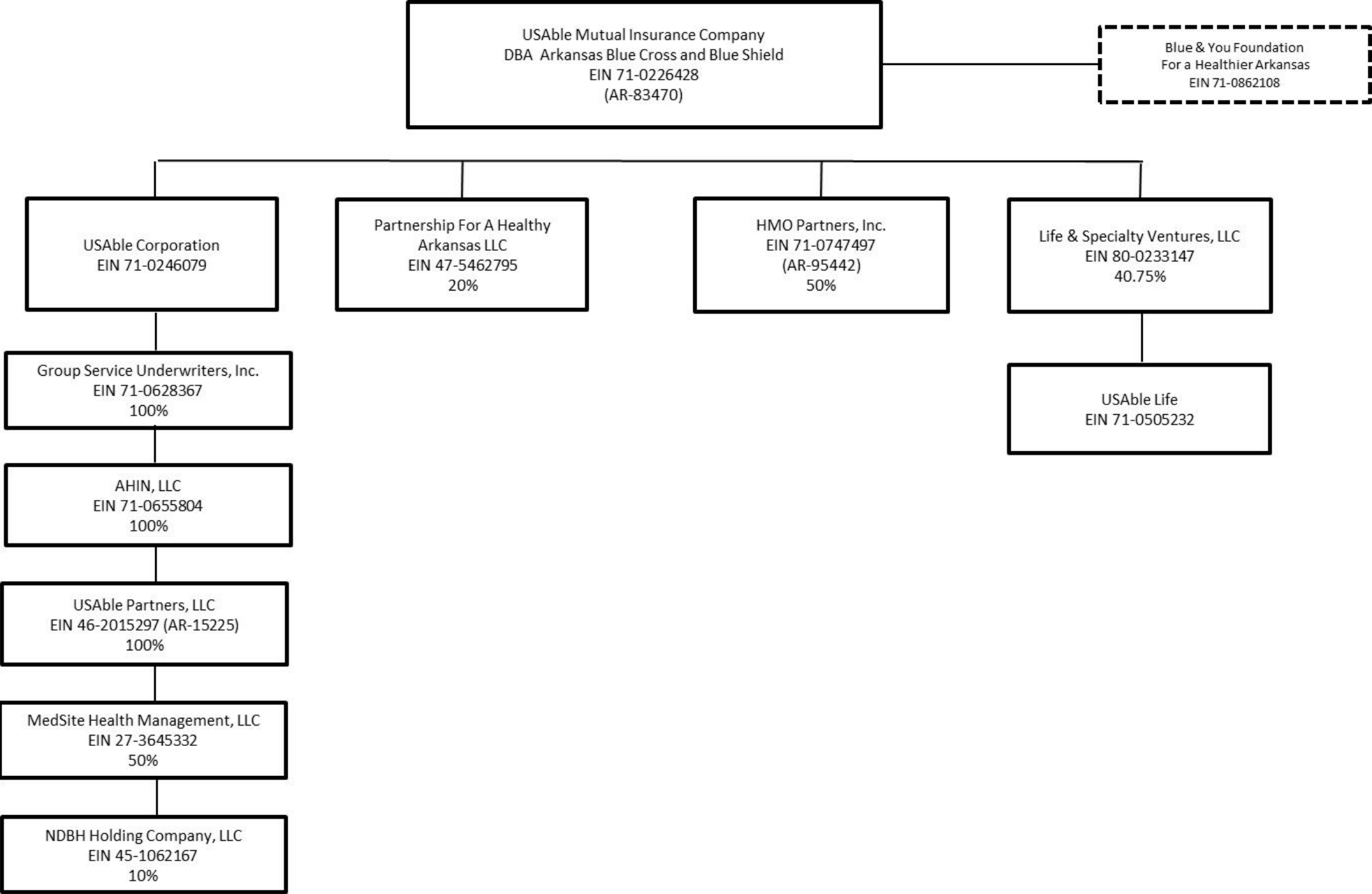
Each state's premium is recorded based on system data at the group/individual level.

(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....	2
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state	0

R - Registered - Non-domiciled RRGs.....	0
Q - Qualified - Qualified or accredited reinsurer.....	0
N - None of the above - Not allowed to write business in the state.....	55

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
PART 1 – ORGANIZATIONAL CHART



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